

SENATE—Friday, May 6, 1983

(Legislative day of Monday, May 2, 1983)

The Senate met at 9:30 a.m., on the expiration of the recess, and was called to order by the President pro tempore (Mr. THURMOND).

PRAYER

The Chaplain, the Reverend Richard C. Halverson, D.D., offered the following prayer:

Let us pray.

God of truth and justice, in our pragmatic culture it is so easy to sacrifice principle for expediency. At a time when the values endorsed and promulgated by our forebears are not only forsaken but often ridiculed, strengthen the resolve of those in positions of national leadership who take seriously these values. Encourage them in their conviction. Enlighten and sensitize their conscience and give them courage to heed it. Quicken in them the indispensable virtues of integrity, honesty, and purity of heart. Give them Thy wisdom as they process complex issues in which right and wrong are not easily discernible. Brace them against the criticism and pressure of those who demand inadequate solutions based upon simplistic thinking. Grant to those who labor here, Senators, committees and staffs, grace and peace, through Him who is the Servant of all. Amen.

RECOGNITION OF THE MAJORITY LEADER

The PRESIDENT pro tempore. The majority leader is recognized.

Mr. BAKER. I thank the Chair.

127TH BIRTHDAY OF SIGMUND FREUD

Mr. BAKER. Mr. President, today marks the 127th anniversary of the birth of one of modern civilization's greatest minds, Dr. Sigmund Freud. This is an anniversary embraced with the genius of revelation and revolution that Freud's legacy brought to mankind.

Freud was born on May 6, 1856, to middle-class Jewish parents in what is now Czechoslovakia. As a youngster, Freud had a keen interest in the scientific dimensions to the general philosophic and humanitarian dilemmas that were the focus of mid-19th century intellectual thought. He entered the medical faculty of the University of Vienna in 1873 and began bold investigations on the medulla oblongata, the lowest part of the brain. He clarified the connections between the

spinal cord and the cerebellum, and published a series of reports on the relationship between the sensory nuclei of the cranial nerves and the sensory ganglia of the spinal cord.

In 1882, Freud became a resident assistant physician, and it was here, at the Vienna General Hospital, that he began to concentrate on psychiatry. After publishing a series of studies on the use of cocaine as an anesthetic, Freud traveled to Paris where he devoted himself to the study of hysteria. By 1895, Freud had moved away from the use of hypnotism in treating his patients in favor of his own new method—free association. This technique, along with his use of self-analysis, was one of the most important contributions Freud made.

In 1928, Freud spoke of a future illusion, and those words remain emblematic of the sensitivity and insight that distinguished his writings. "The voice of the intellect is a soft one," he said, "but it does not rest until it has gained a hearing. Ultimately, after endlessly repeated rebuffs, it succeeds. This is one of the few points in which one may be optimistic about the future of mankind, but in itself it signifies not a little."

Mr. President, it is indeed necessary for those of us in Government to be both patient and optimistic about the future; and to that end, it is clear that Freud's unparalleled brilliance has aided us in understanding ourselves and the issues that swirl about us.

I thought that it would be appropriate at this time of controversy to remember those words of Freud's, and to celebrate the anniversary of the birth of a giant in history.

ORDER OF PROCEDURE

Mr. BAKER. Mr. President, there will be a time for the transaction of routine morning business after the conclusion of the leadership time.

May I say to my friend, the minority leader, that for a variety of reasons I have discovered that it may be 10:15 a.m. or 10:20 before we can actually resume Senate Concurrent Resolution 27. I would prefer not to put in a quorum call or otherwise delay the measure, but I want to say to the minority leader that there are some Senators who are instrumental in this matter who are having a little trouble reaching the floor this morning.

I would hope that there would not be any problem about agreeing that it might be 10:15 a.m. before we can get

to this matter. It may be that we will want to extend the time for the transaction of morning business. I wanted to let the minority leader know about that.

Mr. BYRD. Mr. President, I thank my friend, who is both patient and optimistic.

Mr. BAKER. Mr. President, I believe I have no further requirement for my time under the standing order. I am prepared to yield to the minority leader if he requires additional time.

RECOGNITION OF THE MINORITY LEADER

The PRESIDENT pro tempore. The minority leader is recognized.

Mr. BYRD. Mr. President, I thank the majority leader.

ARMS CONTROL PROPOSALS

Mr. BYRD. Mr. President, the Soviet leader, Mr. Andropov, this week made a new proposal regarding the balance of nuclear forces in the European theater. The details of the proposal are vague and raise many unanswered questions. The precise nature of the proposal will not be clarified until it is formally placed on the table at the Geneva talks.

Nevertheless, it is clear that this latest Soviet effort is a direct result of the determination of the NATO alliance to move forward with the deployment of Pershing II and cruise missiles in Europe this December. It is clear that Andropov's announcement is part of the Soviet campaign to head off the initial steps of that deployment. It is another step in their campaign to divide the alliance—to cripple our ability to meet the destabilizing impacts of their vigorous SS-20 deployments in the European region.

Public accounts of the Andropov proposal indicate there may be some new areas of flexibility in the Soviet approach. If it is, in fact, a serious step in the direction of a fair arms limitation in Europe, then it is to be welcomed. Nevertheless, it does not concede the validity of any portion of the NATO deployment, and threatens additional Soviet weapons deployment if NATO does not completely abandon its plan. If we do not agree with the outlines of this proposal, Andropov warns us that a chain reaction is inevitable that would not suit us.

It is obvious that we are still far from a fair agreement with the Soviets on this matter. It is therefore impor-

tant that the Geneva negotiations proceed, and that our deployment plans proceed.

It is critical that the alliance retain and refresh its consensus on this matter. Strong and sensitive American leadership is essential. Although there may well be some positive aspects to the Soviet offer, it is also a test of NATO's resiliency. Such testing can be expected to intensify greatly as the deployment date draws nearer.

Mr. President, President Reagan on March 23 made a reasonable and, I believe, fair offer to the Soviets on the European missile question. He has my full support for beginning deployment of U.S. Pershing and cruise missiles this December in the event that a full agreement is not reached with the Soviets. The Soviets have rejected his interim proposal for a balanced deployment of missiles in the European theater. This is to be regretted, but it is not unexpected. The Soviets are tough negotiators. They understand a businesslike approach. They face a choice. Either they deal with us in a fair way, or we go to full deployment of these weapons.

The President has handled this situation in the right way. On March 18, I suggested on this floor that the best chance for success was to take a strong leadership position in the alliance. I suggested that in order to put the alliance together, an interim proposal would probably be needed well before December. This would put the Soviets on the defensive and help our European partners deal with domestic opposition to the development program. The President followed this line in his proposal of March 23, and he has been commended throughout the alliance for his approach. He has my support. The Soviets will, I hope, understand that they cannot field major new weapons systems which threaten the vital interests of the West without a response.

The Soviets should always be given the opportunity to join us in meaningful arms control. Both the initial zero-option proposal and the interim proposal offered by the alliance give the Soviets an opportunity to walk down the path of arms reductions, of rejecting arms races, and of rejecting tactics which threaten to destabilize the balance of forces. This should be the American position—namely, always to hold out the hand of negotiations; ready to counter the Soviet threat with systems of our own, but always extending an olive branch.

As technology becomes more complex, as new equipment is developed, the need will grow for more creative solutions. These solutions, when coupled with a true commitment to arms control, can be offered by this Nation. Our people expect no less. The free world expects no less.

Mr. President, the President said that he is deeply committed to arms control. I accept his word on that. We all want progress in the Geneva negotiations. We all want agreements to be reached which will stand the test of time.

The President said that bipartisanship is important to him. I agree with that. It is important to all of us. It is the only responsible way to deal with the Nation's security. He said that our strategic forces program has been embroiled in political controversy—that we would all have to take a fresh look at our previous positions. He pledged to take a fresh look at his previous positions. This is a welcome statement. There will be only one consideration paramount in my thinking on these matters. That is, will the proposal or the system enhance the Nation's security? I will be delighted to support those elements of the defense program which meet this test. I will oppose those elements which do not, no matter how cosmetically enticing they appear.

THE SPACE DEFENSE PROPOSAL

Mr. President, President Reagan has also made a very bold proposal regarding the use of new technology in the cause of peace. He has suggested that our inventive genius be put to work to make obsolete the awesome destructive power of nuclear weapons. He proposes to banish the nuclear genie from threatening our annihilation. This is a noble concept, a possibility which excites the imagination.

Mr. President, this proposal to use space-based laser satellites and other exotic systems to provide a shield against enemy ICBM's has sparked worldwide comment. It has provoked quite a fair dose of criticism both here and abroad. The Soviets have denounced it in harsh terms. It has been labeled a beguiling pipedream which will provoke a new wasteful arms race in space. Critics have painted a new world of battle stations in space, killer satellites and death rays, of echelons of measures and countermeasures ad infinitum. The President's speech has been dubbed his "Star Wars Fantasy."

But, the President has raised an issue, which the march of these technologies would have propelled upon us in any case, several years before its time. And I believe there is an opportunity to balance off these technological developments with a space weapons treaty. Such a treaty would push these technologies into peaceful applications, not weapons.

He has put an idea on the table. It is not a perfectly formed idea. It needs explanation; it can be supplemented.

CRITICISMS OF THE PROPOSAL

A number of arguments have been leveled against the space defense proposal.

First, the President has unilaterally switched strategic concepts. A shifting

to a space-based defense and away from the doctrine of MAD, or mutually assured destruction, as the linchpin of deterrence and arms control, is highly destabilizing. This argument would throw Mr. Reagan's commitment to arms control in doubt because it unilaterally changes the rules of the game. It tears apart the framework with which the two superpowers have structured their strategic forces.

Up until now, strategic arms negotiations have focused on stabilizing the strategic arsenals by placing limits on systems. Stability has been sought by limiting the numbers of launchers and warheads, and then reducing them. The proposal now offered by the distinguished Senator from Georgia, Senator NUNN, to reduce the numbers of warheads or systems as the price of modernization, is a contribution along these lines. I am a cosponsor of the Nunn proposal.

Critics claim that the President intends to short circuit the hard business of reductions in forces. They claim he is looking for a quick fix which papers over these efforts at arms reductions—that he does not really believe in arms control, and as a result, it will be harder to achieve ratified arms agreements with the Soviets. Furthermore, this quick fix is destabilizing in the extreme because it appears to the Russians as a way of pinning them down. This argues that a perfect defense would either force the Soviets to capitulate to us, or allow a first strike by us to go unpunished. The Soviets would then be tempted into a first strike to preempt our putting the perfect defense system into place.

A second major criticism is that the proposal is dangerous because it could not ever deliver its promise—that a perfect ballistic missile defense is just not achievable. And so there would be leakage; some Russian missiles would get through. In the absence of arms control, Soviet strategic warheads might rise from some 7,500 today to perhaps 10,000 in the 1990's. Under these circumstances, even 5-percent leakage would allow perhaps 500 warheads in. Even if a reduction down to some 5,000 Soviet warheads is achieved, 5-percent leakage would allow some 250 warheads in. In either case, our society would be devastated.

Furthermore, this proposed defensive system would not protect against low-flying cruise missiles and bombers.

A third criticism is that it would lead to an arms race in space—that the Soviets would match us system for system, countermeasure for countermeasure. This could lead to extreme complexity, and great uncertainty regarding the other side's intentions. The fear of one power setting a trap against the other could be enhanced. This would lead to instability and

tempt a first strike. Furthermore, while not fostering additional stability between the superpowers, the race would be hideously expensive. A space-laser battlestation complex has been estimated to carry a price tag of perhaps \$100 billion. The other antisatellite devices and countermeasures would add significantly to this figure. We would strip from our budget any adequate funding for pure science and for peaceful exploration of the universe.

A fourth criticism is that it abandons the alliance. Some European commentators have expressed concern that this fortress-America concept would not protect them against cruise missiles, low-flying bombers and flat-trajectory SS-20's.

A final criticism is that the proposal is not accompanied by any offer to the Soviets to negotiate either a ban or weapons deployment or any sort of intellectual common ground from which to proceed. Not only does the plan render the ABM treaty a dead letter, but it rejects reopening negotiations on space weaponry. In 1978 and 1979, the United States and the Soviets negotiated seriously on the question of banning killer satellite systems. Those negotiations could be reopened. Furthermore, the Soviets have offered a draft treaty in 1981 on the general subject of space weaponry. We have neither responded to this treaty draft nor offered one of our own.

There are, of course, elements of truth in all these critiques. Indeed, many suggest that it was premature to raise the issues of space weaponry at this time. But, Mr. President, anyone who raises that argument simply does not understand the rapid development of these technologies. The Soviets already have developed an operational killer satellite system for low-orbiting satellites. We will have one, and I understand one superior to the Soviets, within 2 years. The Soviets have a manned space station program with major military implications. The U.S. space shuttle has military functions. The Soviets have a very ambitious directed energy weapons program—space-based laser satellites. They are ahead of us in this technology.

ARMS CONTROL BEFORE DEPLOYMENT

Mr. President, the best opportunity for arms control is before the weaponry is deployed. And we are learning that a temporary advantage in technology is erased in a few short years, as each side strives to at least match the overall capabilities of the other. The best example of arms control which might have been pursued is MIRV technology. A conventional wisdom is now growing that the major cause of instability in the current military environment is the MIRV'ing of strategic missiles, particularly the very extensive Soviet deployment of MIRV'd missiles. Former Secretary

Kissinger, who was a central player in the decisions made by President Nixon to proceed with MIRV'ing, now says it was a crucial mistake. He indicates we were wrong in assuming the Soviets could not match the accuracies necessary to make MIRV'ing viable for them. He indicates we would be better off today had we negotiated a ban on MIRV's before the warheads were deployed.

Indeed, the recommendation of the President's Commission on Strategic Forces, the Scowcroft Commission, that we attempt to convince the Soviets to shift back away from large MIRV'd missiles to smaller one-warhead missiles, seems to confirm this judgment.

Nevertheless, Mr. President, advanced U.S. technology is one of our critical advantages. We must pursue technological advance with vigor and adequate funding. I am, for example, a strong advocate of accelerating the Stealth bomber. We should go forward with it, deploy it. It renders the extensive Soviet air defense system relatively useless. It is a strategic asset of high value because it is a formidable factor which must be considered by Soviet strategic planners. It will put all Soviet targets at risk beyond the turn of the century. I could not readily conceive of a reason why we would want to bargain it away.

There may well be, however, some circumstances where technological developments can be held back from deployment. If there is benefit for both us and the Soviets, in that parallel systems will surely be deployed and cause greater instability in the strategic environment, deployment might be deferred. If there would be no substantial net gain for us and if deployment could be deferred on a basis that was fair, that was essentially equal, and that was verifiable, then a negotiated settlement should be preferred.

Several situations of this kind are emerging. In the area of cruise missile forces, we are ahead and the Soviets are catching up. We are already fitting out our B-52 bombers with such weapons. Clearly both sides will have formidable cruise missile forces in a few short years. These forces will be difficult to verify, and very large numbers of them may lead to undesirable levels of instability. Public reports indicate that the administration has now initiated discussions on this matter in the context of the START talks. As I mentioned earlier, I think it is essential to deploy cruise missiles in the European theater for purposes of balancing off the Soviet SS-20's. Nevertheless, equitable, fair, and verifiable restraints on other cruise missile deployments may be wise. If so, such restraints are more easily negotiated now than later.

It seems equally clear that space weaponry can lead us down a similar path, leaving it to a future generation

to lament our lack of vigor in pursuing negotiations before deploying a constellation of these arms. It will, of course, be much more difficult for our children to formulate proposals to reduce the numbers and variety of proliferated space arms than for us, today, to cut short these future deployments.

The President reopened a strategic debate. The march of technology demanded it. The time was right. The general criticisms of the President's proposal and the harsh Soviet reaction obscure the real opportunities for broad-ranging negotiations on these matters.

The President was asked in a news conference on March 29, whether his space defense plan would not just set off another round of the arms race. His response was when we reached the point where the technology had matured, "a President of the U.S. would be able to offer to give that same defensive weapon" to the Soviets. This would "prove to them that there was no longer any need for keeping these missiles." And so President Reagan envisions sharing the technology, giving the technology to the Soviets. He apparently feels that in this way mutual-ity in eliminating nuclear weapons could be achieved. I do not agree that we should share such technology.

On the question of interim tensions while the systems were being built, the President was asked about an interim arrangement to share research data on these technologies with the Soviets. His reply was that that would be something we could "look at."

The President is apparently open to share data now and to share technology later. I am opposed to such sharing. We could never be sure that the Soviets would lay all cards on the table.

So, I, for one, would not be able to support the sharing of our technology with the Soviets on this or any other strategically sensitive area. The Soviets are adept at extracting data and technology from us. They are great copyists and masters at reverse engineering. What they cannot derive from our vast open sources of information, or cannot buy, they attempt to steal. I do not think we need to give them anything.

Yet, I am sure that the President's goal is correct: We should make all reasonable efforts to end the arms race, not accelerate it. I think the way to do this is develop businesslike arrangements, fair and equitable treaties on space weaponry. I do think we should make an intensive effort to develop an understanding with the Soviets on the development and deployment of these hardware systems. Part of this can be in the context of the ABM Treaty and part of it—such as in antisatellite systems—would go beyond the scope of that treaty.

The President's proposal for ending the threat of nuclear destruction through American inventive genius is an ennobling concept.

It needs to be supplemented by proposals for discussion which would build mutual agreement between the superpowers on these matters. The idea of mutuality is essential, because, without it, the arms race might well accelerate out of control. Such a proposal for negotiations would challenge the Soviets to act.

I would like to offer these specific suggestions. First, U.S. research and development funding for military space systems should be at a level where we can match Soviet capabilities in approximately the same timeframe. This should help convince the Soviets to negotiate restrictions on the use of these technologies for military means. Second, we should offer to reopen the antisatellite talks and extend them to include a ban on destructive space systems of any kind, and devices with a high capability of upsetting the strategic balance, such as directed-energy satellites or ground-based systems aimed at satellites.

The United States and the Soviet Union are standing at a crossroads in the broad field of arms control. It is time for both to act.

Mr. BYRD. Mr. President, how much time do I have remaining?

The PRESIDING OFFICER (Mr. GORTON). The Senator has 8 minutes remaining.

Mr. BYRD. Does the distinguished President pro tempore wish any of my time?

Mr. THURMOND. Mr. President, I thank the minority leader very much. I do not require any time.

Mr. BYRD. I thank the Senator.

THE DISAPPEARED AND GENOCIDE

Mr. PROXMIRE. Mr. President, for years, human rights groups such as Amnesty International have used a term which identifies a particularly frightening type of human rights abuse. This term, to be "disappeared," refers to the act of being illegally abducted by political authorities and never being heard from again. In all too many countries of the world, tens of thousands of instances of disappeared persons have been reported in the last decade alone.

According to essayist Joan Didion, the term originates from the Spanish verb, *desaparecer*, or disappear. In Spanish, the verb is both transitive and intransitive. This flexibility is utilized by those speaking English so that sentences such as "John Smith was disappeared from his home," or "the government disappeared the students" are possible. While these sound strange, they are effective evocations

of the cloudy circumstances that surround such events.

"Disappearances" have several characteristics: They always happen at night, their victims are presumably executed, and they are all unquestionable violations of human rights. The victims of this technique of political repression are taken into custody and then disappear; their relatives cannot find out where they are or what has happened to them.

The greatest number of disappearances occurred in Argentina in the midseventies. At that time, military forces were responsible for 6,000 to 15,000 disappearances which human rights groups consider an illegal campaign of kidnaping, torture, and death against those labeled subversive. Included among the disappeared were hundreds of elderly people, a similar number of pregnant women, and more than 100 children under age 12.

Mr. President, the mysterious disappearance of individuals continues today in nations large and small. While disappearances cannot be considered genocide, they are undeniably flagrant abuses of the human rights of thousands upon thousands of people. These abuses point to the glaring need for an International Moral Code that would help secure a minimum of basic human rights for all.

Certainly an integral part of a Moral Code of Conduct that would deter human rights abuse would include a treaty making genocide an international, punishable crime. I urge my colleagues to make this treaty a reality by giving their advice and consent to the Genocide Convention now.

WHY IS NEW YORK TIMES GOING STEADY WITH THE BOMB, WHEN IT DOES NOT TRULY LOVE IT?

Mr. PROXMIRE. Mr. President, now that the House of Representatives has passed a nuclear freeze resolution and, indeed, passed it by a nearly 2-to-1 bipartisan margin, it is up to this body to determine whether or not Congress should inform the President that it is our will that he negotiate a mutual, verifiable, nuclear freeze with the Soviet Union as the first step in reducing nuclear arsenals and stopping the nuclear arms race.

The Catholic bishops have just contributed to the oral support of the freeze, after a detailed, 2-year study, and after hearing from an impressively competent number of experts. The New York Times, that remarkably wise counselor to the country on matters of public policy, today gives the bishops' recommendations the back of their hand. In this morning's lead editorial, the Times punches some holes in the bishops' 150-page analysis. And even among those of us who agree with the bishops' conclusion, most will

disagree with some of their recommendations along the way.

But, Mr. President, on the fundamental conclusion of the Catholic bishops, which the Times singles out for flat disagreement, this Senator believes the bishops are right and the New York Times is wrong. Here are the Times' disagreements and why the Times errs:

First. The Times contends that "in supporting a nuclear weapons freeze, the bishops seem unmindful of the risk that such negotiations, if successful, could end up freezing the existing nuclear instabilities and actually add to the risk of war." Now, Mr. President, the Times makes the same mistake in this criticism as they did in an earlier editorial which they headlined "After the Freeze, What Then?" Somehow the Times cannot acknowledge that those of us who back the freeze view it as the first step and only the first step toward the reduction of nuclear weapons on both sides. The bishops, like other advocates of freezing nuclear weapons, do not for a minute assume that the freeze will end the terrible threat of a nuclear holocaust. We recognize that without constructing one more nuclear weapon at this very moment, each of the superpowers has the capability of utterly destroying the other as an organized society. The freeze, by itself, left alone, would continue this dangerous prospect. So the freeze is only the beginning. We want to stop the arms escalation and then reduce nuclear arms.

Second. The Times seems to concede this, but then dismisses it as an impossible dream in its next objection when it writes:

The American bishops' approach falters on the assumption that the nuclear dilemma can eventually be resolved by eliminating rather than controlling nuclear weapons. But there is no known way to get rid of the Bomb, no way to guard against all possible production or concealment of warheads.

Here we go to the very heart of the problem of the freeze:

We cannot enforce it. We cannot verify it. We think the Russians will cheat. They think we will.

Now, of course, there is risk, and very big risk, no matter what course we pursue. But both sides have abided by limited restrictions on the arms race when we have enforced them with adequate monitoring and compliance features. Could we envision an inspection system that would enforce the virtual elimination of nuclear weapons? It would have to be extraordinarily rigorous. It would have to permit irregular as well as regular inspections. It would have to include onsite inspections. And even then it might not work. But it might.

The argument that we cannot virtually eliminate nuclear weapons be-

cause we lack verification is just as strong against the Times alternative of trying to control nuclear weapons. After all, any arms control agreement worthy of the name will require rigorous inspection and verification. If we cannot negotiate that kind of rigorous inspection for a freeze, why should we believe we can negotiate it for any genuine limits? As realistic and hard-headed an intelligence expert as William Colby, the former head of the CIA has, within the last month, declared his support of the nuclear freeze. He has asserted his judgment based on years of experience as this Nation's top intelligence expert.

Does William Colby understand our intelligence capability and the Soviet threat less than the Times' editorial writers?

Third. Finally the Times argues: "too much reduction could add to instability." Oh, how George Orwell would love that prize example of Nukespeak. What a threat. The Soviet Union and the United States would so sharply reduce their nuclear arsenals that we would have a less stable, more dangerous world. Does this mean the Times has learned to "love the bomb?" Not quite. In the next paragraph the Times has learned to "love the bomb?" be holding hands with the bomb, giving it a loving squeeze now and then, and looking forward to a cozy future keeping company with the bomb.

Mr. President, I ask unanimous consent that the lead editorial from this morning's New York Times be printed in the RECORD at this point.

There being no objection, the editorial was ordered to be printed in the RECORD, as follows:

BISHOPS AND THE BOMB

The two-year quest of the Catholic bishops for an answer to the nuclear dilemma is as important as the result. In composing their 150-page pastoral letter, they heard scores of experts and weighed hundreds of nuances. The key bishops and their assistants now know as much about the issues as laymen can.

Their sense of moral challenge is admirable. And many of their strategic judgments, like the finding that nuclear war never can be winnable, are beyond dispute. But their letter also contains ambiguities, contradictions and dubious policy counsel that other advocates of arms control will surely want to question.

Though they speak to the moral questions of war and weaponry, the bishops plainly hope to add political weight to the antinuclear movement now rallied behind the call for a weapons freeze. Though they thus come perilously close to an undesirable involvement of the church in political action, bishops have an obvious duty to concern themselves with preparations for mass destruction and killing.

In their fusion of theology, morality, strategy and politics, the bishops wind up in a curious position. They are not only attacking the main doctrines of the Reagan Administration but also straying far from the

prevailing theories of the arms control community.

They reluctantly accept America's possession of nuclear weapons to deter a Soviet nuclear attack, pending complete disarmament. But they also characterize any use of nuclear weapons as immoral—thus emboldening Archbishop John Quinn to call upon Catholics in the armed forces to reject any order to fire them. The obvious contradiction is that a weapon that can in no circumstances be fired cannot very well deter an attack.

The bishops also undermine any strategy of deterrence by opposing the targeting of Soviet cities—even to threaten retaliation for the destruction of American cities. This insistence, as in the pre-nuclear era, that military attacks must be limited to military targets paradoxically validates the view of those who want to prepare to fight "limited" nuclear war.

In supporting a nuclear weapons freeze, the bishops seem unmindful of the risk that such negotiations, if successful, could end up freezing the existing nuclear instabilities and actually add to the risk of war. And by repudiating NATO's threat that it may have to use nuclear weapons against a massive Soviet conventional attack, they oppose not only the views of allied governments but of the bishops of West Germany and France.

Fundamentally, the American bishops' approach falters on the assumption that the nuclear dilemma can eventually be resolved by eliminating rather than controlling nuclear weapons. But there is no known way to get rid of The Bomb, no way to guard against all possible production or concealments of warheads. That is why, for a quarter-century, negotiations have focused on limiting and reducing delivery systems.

Even reductions of Soviet and American nuclear weapons, while useful, are less important than achieving a stable nuclear balance. Too much reduction could add to instability; a small number of concealed weapons could make one side dominant.

None of this means mankind has to learn to love The Bomb. But it does have to learn how to live with it and manage the problems it poses. There's no place to hide, even in morality.

APPROPRIATIONS COMMITTEE HEARINGS ON MX MISSILE BASING MODE

Mr. HATFIELD. Mr. President, the Appropriations Committee today concluded a 3-day series of hearings on the MX missile and its basing mode, pursuant to Senate Concurrent Resolution 26. The committee received testimony from Secretary of Defense Caspar Weinberger and Chairman of the Joint Chiefs of Staff, Gen. John Vessey. So that all Senators may have an opportunity to review their prepared statements, I ask unanimous consent that they be printed in the RECORD.

There being no objection, the statements were ordered to be printed in the RECORD, as follows:

STATEMENT OF THE SECRETARY OF DEFENSE

(By Caspar W. Weinberger, Secretary of Defense)

Mr. Chairman, thank you for this opportunity to discuss the President's plan for re-

vitalizing the ICBM leg of our strategic TRIAD.

This is not my first visit to talk about the need to update our ICBM forces. Nor am I the first Secretary of Defense to raise these issues before this distinguished committee. Four Presidents, six Secretaries of Defense, and a majority of the members in several sessions of Congress all have concluded that we need to modernize our ICBM force.

The members of the President's Commission on Strategic Forces have done us all a great service, and not just because they have presented an eminently reasonable, and achievable, proposal for modernizing our ICBMs. They have also reminded us that there is a long-standing, bipartisan consensus about three facts. First, that the United States pursues peace and protects its freedom and the freedom of its allies through a joint strategy of deterrence and arms control. Second, that deterrence depends on retaining a multiplicity, and more specifically a TRIAD, of strategic forces, including intercontinental ballistic missiles. And third, that in view of actions taken by the Soviet Union over the last decade and a half, we must take steps now to ensure the effectiveness of that TRIAD and in so doing not only maintain deterrence but also improve the prospects for genuine, mutual, and significant reductions in nuclear weapons.

Before discussing the President's recommendation for modernizing the ICBM force, let me review the reasoning that lies behind this consensus about American strategic policy.

Since the end of World War II and the dawn of the atomic age, the United States has maintained peace and preserved its freedom, and that of its allies, by means of an inherently defensive policy—deterrence. This policy, and the strategic capability to back it up, serves as a clear indication to potential aggressors that the West has the will and the means necessary to resist aggression. By maintaining the ability to retaliate against a potential aggressor in such a manner that the costs we will exact will exceed substantially any gains he might hope to achieve through aggression, we can prevent any aggressor from coming to believe that he could profit from or win a nuclear war.

We, for our part, are under no illusions about the consequences of nuclear war. We know there would be no winners in such an exchange. But this recognition on our part is not enough to maintain deterrence. The Soviet leadership must understand this as well. The President's Commission on Strategic Forces made this point eloquently in their report.

"Deterrence is not an abstract notion amenable to simple quantification. Still less is it a mirror image of what would deter ourselves. Deterrence is the set of beliefs in the minds of the Soviet leaders, given their own values and attitudes, about our capabilities and our will. It requires us to determine, as best we can, what would deter them from considering aggression, even in a crisis—not to determine what would deter us."

Unlike the United States, the Soviet Union seems to believe that under certain circumstances a nuclear war could be fought and won. Today we see that the number, the explosive power, and the accuracy of Soviet nuclear weapons are far greater than would be needed simply to deter attack. In addition, the Soviets have developed a refueling capability for some of their larger ICBMs, which could allow them to reload

their delivery systems several times. They have given us indications that they think they could fight a protracted war by hardening their silos and protecting key targets with elaborate air defenses. Their writings, military doctrine, and exercises all emphasize the kind of nuclear warfighting policy which we in the United States have rejected—and which we must deter. We must, therefore, make sure that the Soviet leadership, in calculating the risks of aggression, recognizes that an effective American response exists, and understands that, consequently, there can be no circumstance where the initiation of a war at any level would make sense.

To this end, we have maintained over the last two decades a strong and interdependent force, known as the TRIAD, which consists of land-based intercontinental ballistic missiles, sea-based ballistic missiles, and manned strategic bombers. This multiplicity of forces provides three significant benefits.

First, each of the strategic components of the TRIAD acts in concert with the others to complicate Soviet planning, making it more difficult for the Soviet Union not only to plan and execute a successful attack but also to defend against retaliation.

Second, each of the legs of the TRIAD acts as a hedge against a possible technological break-through that could threaten the viability of any single strategic system. By maintaining a TRIAD we force the Soviet Union to disperse their resources among three components, preventing them from concentrating their considerable resources on defeating two or only one U.S. strategic system.

Finally, only a TRIAD of three unique systems can provide us with all the elements necessary to provide a strong, secure deterrent. The strengths of each system not only complement the strengths of the other two but also compensate for their weaknesses. To deter successfully all types of nuclear attack, our forces as a whole must possess a number of characteristics and capabilities—including survivability, prompt response, mission flexibility and sufficient accuracy and warhead yield to retaliate against hardened Soviet military targets. No single weapons system can incorporate all of these capabilities. Submarines are less vulnerable, but less accurate. Bombers are accurate, and retrievable, but they are much slower. ICBMs are easier to command and control, faster, and more accurate, but they are more vulnerable than submarines and, once launched, irretrievable. But all three systems together can incorporate all those elements necessary to deter against all types of attack.

For many years it was our good fortune to possess a TRIAD whose effectiveness could be assured well into the future. Unhappily, due to the massive, and largely unmatched, strategic build-up that the Soviets have sustained since the 1960s, those days are gone. That build-up has created substantial vulnerabilities in our strategic TRIAD which in turn have altered the strategic balance and reduced the effectiveness of our deterrent capability.

Over the past two years the President has instituted, and the Congress has supported, a number of initiatives to rectify the TRIAD deficiencies that build-up has created, including production of the Trident submarine and development of a new, more capable SLBM, the D-5; production of the air-launched cruise missile; development of the B-1B and the "Stealth" bombers; improvements in the U.S.-Canadian Air De-

fense network; and improvements in the effectiveness and reliability of our command, control, communications and attack warning capabilities. I know this committee shares our conviction that such a strategic modernization program is vital to preserving deterrence and enhancing the prospects for arms reduction.

But one very serious weakness in our TRIAD has yet to be resolved—the modernization of the ICBM force. The United States made a conscious choice during the 1970s to restrict its nuclear weapons developments so as not to present the Soviet Union with a first strike threat. However, the Soviets showed no such restraint. During the 1970s the Soviet Union deployed more than 600 powerful SS-18 and SS-19 ICBMs with nearly 5,000 highly accurate warheads; at the same time they hardened their missile silos and key command and control facilities to resist attack. These Soviet developments have simultaneously endangered the survivability of our ICBM force, and substantially reduced the retaliatory effectiveness which lies at the heart of our strategy of deterrence.

Without a viable ICBM force our TRIAD would lose several qualities that are crucial to deterrence: extremely high peacetime readiness rates, rapid and reliable communications with command authorities, and prompt counter military capability.

But, even more important, indeed at the heart of the current U.S.-Soviet strategic force imbalance, is the Soviet monopoly of prompt hard target kill capability. This gives them a twofold advantage over the United States. First, it enables the Soviets to launch a very high confidence first strike attack on our land-based ICBM, while expending only one-third of their ICBM force in the process. The large store of remaining ICBMs would then enable them to divert weapons to other essential targets in a first-strike attack and still maintain a large and effective reserve force to conduct follow-on attacks. Second, the fact that we lack a prompt retaliatory capability against very hard targets allows Soviet planners to consider the possibility that, for the crucial first few hours of a nuclear conflict, the bulk of their ICBM force and supporting command and control structure would remain largely immune to U.S. retaliation. This would eliminate one of the major sources of uncertainty that is such an important element of deterrence—the unpredictable effects of U.S. retaliation on Soviet war plans. Without this crucial uncertainty exerting an influence on Soviet war planners, their confidence in their ability to fight and win a nuclear war is reinforced.

This development is too dangerous to be allowed to continue unchallenged. If we do nothing, we will face the very real danger that the Soviets could at some point come to believe that they could use, or blackmail us by threatening to use, nuclear forces to gain their military or political ends.

Because the problems of the ICBM leg of the TRIAD are essentially two-fold—retaliatory effectiveness and survivability—we must seek a solution that answers both concerns. Last November the Administration recommended deploying the Peacekeeper missile in a closely spaced basing mode, which would take advantage of the fratricide phenomenon produced by attacks on closely spaced super-hardened ICBM silos. Congress, as you know, directed us to study further the question of basing and deployment. To fulfill this requirement, the President established an independent, bipartisan

Commission on Strategic Forces made up of distinguished experts and former Government officials and chaired by former National Security Adviser, Brent Scowcroft. The President directed the Commission to examine the broad range of strategic modernization issues including basing alternatives to CSB, ICBM alternatives to the Peacekeeper, and air- and sea-based alternatives to a modernized land-based ICBM force. Over the last several months the Commission thoroughly studied these alternatives and last week presented its report to the President; a report that, I think all will agree, equals in every respect the expectations of excellence that such a distinguished body of experts naturally engenders. It is a report that has won the strong support of the President, his National Security Adviser, the Joint Chiefs and me. In addition to endorsing the President's strategic modernization program, the report addresses the two weaknesses of the ICBM leg in a phased approach.

To solve the problem of retaliatory effectiveness the plan calls for a limited deployment of 100 Peacekeeper missiles in Minuteman silos which will reestablish the hard target capability necessary to maintain deterrence. By deploying the Peacekeeper missile we will immensely complicate any attack the Soviets might plan and, by threatening their remaining ICBM force, decrease their confidence that an attack might succeed. As the President's Commission points out "Soviet planners would have to account for the possibility that Peacekeeper missiles would be available for use and thus they would help deter such attacks." Thus the lack of retaliatory effectiveness in our current ICBM force is a relatively easy weakness to overcome and the Peacekeeper can begin to accomplish this in 1986 and finish the job in 1989. Meeting this schedule is contingent on prompt action by the Congress in providing necessary authorities and approvals.

The President's modernization plan also spells out an approach to enhancing survivability. However, because this aspect of the problem is more complicated, the solution is necessarily more difficult. I can think of few national security issues that have been so intensively and exhaustively examined as Peacekeeper basing. The search for a survivable basing mode has preoccupied political leaders of both parties, as well as the American people for nearly a decade. Although we frequently have embraced different solutions to this problem, we all, nevertheless, shared the belief that if we looked long and hard enough, a single, perfect solution would be revealed.

By now it is clear that this was an illusion. As the Commission noted, "... by trying to solve all ICBM tasks with a single weapon and a single basing mode in the face of the trends in technology, we have made the problem of modernizing the ICBM force so complex as to be virtually insoluble." Or, in the words of Voltaire, sometimes, "... the best is the enemy of the good."

With the Peacekeeper missile deployed in Minuteman silos, we will restore our retaliatory capability. However, for the near term, we must rely on the interaction of the TRIAD legs to provide some degree of ICBM survivability. The point here, to quote the Commission report once again, is that "whereas it is highly desirable that each component of the strategic forces be survivable when it is viewed separately, it makes a major contribution to deterrence even if this survivability depends in a sub-

stantial measure on the existence of one of the other components of the force." With respect to the longer term, the President's ICBM modernization plan will achieve survivability through an extended, two-step process: development of a new small missile, and research and development on mobility, silo hardening, ballistic missile defense, and deep underground basing.

Just as there are significant advantages to diversity among the TRIAD forces, there might also be significant advantages to diversity within the ICBM force. By deploying different types of ICBMs—each with different capabilities—and basing them in dissimilar configurations, the independent survivability of the ICBMs force as a whole might be dramatically improved, while its flexibility is increased.

Specifically, by deploying the Peacekeeper we will quickly provide the ICBM force with the retaliatory hard target capability necessary to maintain deterrence. The Peacekeeper's throwweight also gives us sufficient payload flexibility to maintain retaliatory effectiveness even if the Soviets were to harden their strategic assets even further, or violate the ABM Treaty by rapidly and massively increasing their ballistic missile defense deployments. By deploying a new small missile we would add to the flexibility and overall capability of the ICBM force while providing basing options, such as mobility, that are not feasible with larger missiles. And by deploying the ICBM force in a range of dissimilar basing modes, we improve the survivability of our entire ICBM force by driving the Soviet offensive force structure in opposite and counterproductive directions. That is, a force structure designed to effectively attack one type of basing mode may be ill suited to attack a different basing mode.

As mentioned earlier, the President's plan includes vigorous research on new techniques for hardening silos and shelters, on different types of land-based vehicles and launchers, including hardened vehicles, on ballistic missile defense and deep underground basing, and on the phenomenon of fratricide, that is, destruction of an attacking warhead by the explosive effects of another. By supporting such diversity, the President's plan retains—and even enhances—our options for a changing strategic environment.

But the impact of the President's ICBM modernization plan extends beyond the world of nuclear deterrence. It also will have a significant impact on our ability to meet our commitments to our friends and allies. One important effect could be on the essential NATO INF modernization program. Scheduled to begin late this year, this program is necessary to counter the growing European strategic imbalance resulting from the persistent Soviet build-up of its SS-20 intermediate range missile force. Many of our NATO allies are watching the decision on the deployment of the Peacekeeper very closely. Deployment of a modern land-based missile system in this country is necessary to maintain the effectiveness of the U.S. strategic deterrent, just as ending the present imbalance in Europe—either through arms reduction or deployment of modern intermediate range nuclear forces in Europe—is essential to keeping our allies securely linked to the U.S. strategic umbrella. Failure to deploy Peacekeeper could not only undercut the ability of key allied governments to muster and hold the political support necessary to back Pershing II and ground-launched cruise missile de-

ployments in their countries but also be seen as undercutting America's nuclear umbrella for NATO.

But the President's plan also has a wider, more long-term impact. The peacetime, day-to-day, decisions that collectively make up the behavior of the United States, the Soviet Union and all other nations are influenced by perceptions of the U.S.-Soviet strategic balance. The greater the imbalance, the more conscious we become of the limits to our options in international affairs and the greater the chance that we might be forced to compromise our interests to avoid crises that might overburden our capacity to deter conflict. In the same vein, the greater the imbalance, the greater the tendency of the Soviet Union to embrace ever more ambitious definitions of what constitute legitimate Soviet interests; the greater their tendency to view the risks of crises as an acceptable price to pay for the satisfaction of their political aims. The behavior of other nations is affected by perceptions of the strategic balance too. The greater the imbalance, the greater the tendency to view Soviet aims as interests to be accommodated; the greater, also, their tendency to view U.S. aims as interests to be ignored or challenged.

Today, we are confronted with just such a strategic imbalance; an imbalance that, in the face of the continued enhancement of Soviet power, will only worsen if we do nothing to counter it. There are many things we can do to reestablish a strategic balance, some of which, as I mentioned earlier, we are doing already. However, if we do not modernize the ICBM leg of the TRIAD, and maintain those important capabilities unique to the ICBM, restoration of a strategic balance will not be possible. As my predecessor, Harold Brown, wrote recently: "... we said in the early 1970s that we would modernize with a new missile in the late 1970s. In the mid-1970s we said that we would do so in the early 1980s, and in the late 1970s that we would in the mid-1980s. We have failed so far to do any of those things, even while the Soviets were deploying over 600 new ICBMs, each with a payload equal to or greater than that of MX, and with accuracies now matching those of the most accurate U.S. ICBMs.

To say that the United States will modernize in the early 1990s with a small single-warhead missile will just not be believable. The Soviets would be justified in calculating that any new U.S. ICBM system will be aborted by some combination of environmental, doctrinal, fiscal, and political problems."

Finally, there is the important consideration of arms control. While a strong and viable deterrent is essential to the maintenance of peace, our search for a durable foundation that can support a lasting peace must also incorporate significant and verifiable reductions in the size and destructive potential of existing nuclear arsenals. The President's ICBM modernization plan is fully consistent with, in fact, necessary to, such arms reductions. As you are all aware, the President has proposed a strategic arms reduction proposal, START, which would reduce by one-third the overall size of both sides' deployed ballistic missile warheads, with even greater reductions in those weapons systems that are potentially the most destabilizing—land-based ballistic missiles. Whether the President's START proposal is successful will, in large measure, depend on Soviet perceptions of this nation's determination to maintain its deterrent capability

in the face of the persistent growth of Soviet military power. Because the ICBM modernization plan is essential to our deterrence capability, the Soviets will undoubtedly perceive this nation's decision on whether to support it a litmus test of the extent of that determination. If the American people and its Congress give their support, the Soviet Union will come to the realization that the United States understands the current strategic realities and fully intends to meet the national security obligations these realities impose. By reinforcing this perception of American determination, vigorous ICBM modernization will discourage the notion that a continuation of the Soviet arms build-up will afford the Soviet Union any strategic advantage and encourage Soviet cooperation in bringing strategic arms under control. Conversely, failure to modernize will serve only to foster a Soviet belief in the soundness of their policy of seeking unilateral strategic advantage through the continued deployment of ever more powerful weapons in ever greater numbers.

Until this issue is clearly resolved in favor of a modernized ICBM force, we can expect little cooperation from the Soviet Union in Geneva. We have learned the hard way that the Soviet Union is impressed not by self-restraint, but by determination. For the first time they have proved willing to sit down at the negotiating table to discuss arms reduction; let us give them the incentive to stay there and reach fair, equitable, and verifiable agreements.

Let me make one final point about the centrality of our ICBM modernization plan to arms control. This Administration has sought to move away from arms control agreements that confine their restrictions to such limited measures of strategic capability as launchers and missiles, and emphasized instead those elements of strategic capability that threaten to upset stability. In this connection, I was pleased to note that the Commission report echoed this Administration's focus on warhead and throwweight reductions in the START negotiations.

The President's modernization plan supports this concern with stability by holding out the promise, over the long term, of channeling ICBM forces into more stable directions. Such stability can be enhanced by deployments that distribute the total number of warheads contained in the ICBM forces over a larger number of smaller missiles, thereby reducing the target value of individual ICBMs. In reducing the value of individual strategic assets, we reduce the attack incentive of a potential aggressor. If this promise is to be realized, we must pursue the two-step process provided by the President's plan.

First, we must deploy the Peacekeeper missile to end the current, destabilizing advantage the Soviet Union enjoys in critical prompt hard target capability. The Soviets will not voluntarily give up their current strategic advantage. If we do not take this first step, they will have no incentive to move toward ICBM deployments that are more stabilizing. Deployment of the Peacekeeper will act as a necessary foundation and catalyst for a restructuring of U.S. and Soviet ICBM forces.

Second, we must vigorously pursue small, single warhead missile technology and operational concepts to determine the technical, operational and fiscal feasibility of moving to an ICBM structure that increases the em-

phasis on the deployment of ICBMs that individually are of less value as targets.

The report issued by the President's Commission reflects the dedication and patriotism with which this bipartisan group of distinguished Americans responded to the task given them. Let me end, then, by quoting from the end of their report:

"If we can begin to see ourselves, in dealing with these issues, not as political partisans or as crusaders for one specific solution to a part of this complex set of problems, but rather as citizens of a great nation with the humbling obligation to persevere in the long-run task of preserving both peace and liberty for the world, a common perspective may finally be found."

STATEMENT OF GEN. JOHN W. VESSEY, JR.,
USA, CHAIRMAN, JOINT CHIEFS OF STAFF

Mr. Chairman, members of the Committee, thank you for inviting me to testify on the important subject of strategic force modernization and the JCS views on the report of the President's Commission on Strategic Forces.

In December of last year, the President asked the Joint Chiefs of Staff to review our strategic forces modernization program, and to report back to him in February with the results of the review. We did so. We also reviewed the report of the President's Commission and provided our recommendation to the President on that report on the 4th of April. Today, Mr. Chairman, I report to you that the Joint Chiefs of Staff, working independently of the Commission, arrived at land-based ICBM force conclusions which are fundamentally the same as those of the President's Commission. I can report to you, as the JCS did to the President, that the JCS are unanimous in their support for the report of the Commission.

Through the years, the Joint Chiefs of Staff have examined strategic nuclear force issues in great detail. This particular group of Chiefs has continued the examination. Since last fall, we have met 48 times to examine strategic nuclear force issues. We have looked at our entire strategic nuclear force, examined its effectiveness, survivability, the need for modernization, and the arms control impacts of our programs. We have looked at the intercontinental ballistic missile force, with particular emphasis on MX, its contribution to our total force, and the alternate basing modes for the MX. We have heard reports from recognized authorities from both inside and outside the Government; we met often with the Secretary of Defense on these issues; we met twice with the President's Commission; and since the first of the year we have met twice with the President on strategic force issues. We have spent a great deal of time and effort studying the problems.

The need for our defense forces stems from the threats this country may face. The Soviets have made massive strategic deployments in the past decade. In the past six years, they have deployed among the most accurate operational missiles in the world, and those missiles are based in the world's hardest missile silos. In the last year, as part of the further modernization of their missiles, they deployed over 1,200 modern, hard-target attack warheads—more than we intend to deploy in our entire ICBM modernization program.

In considering the modernization of our strategic forces, we must recognize that accelerating Soviet modernization and our own lack of modernization in the past two decades has left us well behind the Soviet

Union in several important measures of military capability. We have not deployed a new ICBM since the early 1970s. We have deployed only one new ballistic missile submarine since 1967; in fact, under the provisions of SALT I, the Soviets are dismantling ballistic missile submarines that are newer than our newest POSEIDON boats. We began to deploy cruise missiles only in December of last year. On the other hand, during this same period the Soviet Union tested and deployed several new types of ICBMs and new and improved submarine-launched ballistic missiles. The Soviets have had cruise missiles deployed on submarines since the early 60s.

For the past several decades, the United States has relied on deterrence through strength to counter the growing Soviet threat. We have tried to make it clear to the Soviets that they would not be able to achieve their aims through war. Our strategy is to deter war. The Joint Chiefs of Staff believe that deterrence and stability come from establishing significant doubt in the minds of the Soviets that their war aims can be achieved. We also believe that from the military point of view the entire range of US and Allied forces—strategic nuclear forces, theater nuclear forces, and general purpose forces—all contribute to deterrence. The present body of the Joint Chiefs of Staff has consistently recommended the modernization of the entire strategic nuclear TRIAD to restore an adequate margin of safety in the immediate future. The President's Commission has made the same recommendation.

On the 11th of February, the Joint Chiefs of Staff briefed the President on the results of their review of strategic forces and recommended:

Continued strong support for the TRIAD, and continued support to modernize the TRIAD. We believe that the combination of land-based ICBMs, sea-based ballistic missiles, and bombers with air-launched cruise missiles provide a broad range of capabilities whose synergism complicates the Soviet planning, provides us flexibility and provides an important hedge against technological surprise by the Soviets in neutralizing any particular leg of the TRIAD.

Continued highest priority support for improvements in command, control, communications and warning. Because our strategy is one that does not include a first-strike, the ability of the command and control and intelligence system to survive an attack and provide the wherewithal to retaliate is key to deterrence.

Field MX in MINUTEMAN silos. The accurate, prompt, hard-target attack capability of the MX is needed now and will add greatly to our deterrent strength.

Continued research and development for survivable land-based ICBM systems, to include research on small mobile ICBMs.

Continued research to resolve the uncertainties about hardness of fixed bases for ICBMs.

We also recommended that the President set a new direction for the future and announce increased research for active defense against ballistic missiles. We pointed out our recognition that there was no near-term solution for defense against ballistic missiles, but that technological developments on the horizon could give hope to our own people and to our allies that we could use our technology to provide defenses which, when supplemented with arms control agreements, could move us away from sole dependence on the threat of retaliation.

The Commission pointed out that it is the survivability and effectiveness of the entire TRIAD, and not of any single leg, on which deterrence must rest. Strategic modernization must deal with the combination of land-based ICBMs, sea-based ballistic missiles, and bombers with air-launched cruise missiles, all providing a broad range of necessary, complementary and mutually supporting capabilities. The synergism of these capabilities complicates Soviet planning and provides us flexibility to threaten various forms and levels of retaliation against the Soviet Union. It also provides an important hedge against technological surprise which might lead to neutralization of any leg of the TRIAD. We agree with the Commission that deployment of MX as soon as possible is necessary to counter the increasing Soviet military advantage. The accurate MX warheads will let the Soviets know that their missile silos, their leadership, bunkers, and associated command and control are placed at risk, and that their ability to achieve their war aims is seriously in doubt. It also provides leverage in arms control negotiations, and thus improves our deterrent posture.

I told the Senate Armed Services Committee on 8 December that the Joint Chiefs of Staff fully supported the deployment of MX but that there were differing views on the basing mode. On 21 April 1983 we reported to the Senate Armed Services Committee and the House Armed Services Committee that we all support basing MX in Minuteman silos. Now, some will ask what has changed our views since the President's 22 November 1982 recommendations on deployment. To set this issue to rest, let me provide you some of the details of our November recommendations to the President. On 8 November we told the President that we believed he was being forced into a final basing decision prematurely and that his first decision to field MX in Minuteman silos while searching for a better mode was a good decision. Three of the Chiefs disagree with deploying in closely spaced basing. The principal concerns of two of those three were technological and cost uncertainties of closely spaced basing. General Gabriel and I, considering the early congressional rejection of MX in Minuteman silos, recommended going ahead with deployment in the closely spaced basing mode and recommended a vigorous research and development program to resolve the uncertainties in closely spaced basing. We believed that most of the uncertainties could be resolved and that uncertainty itself has deterrent value. Central to all viewpoints was unanimous agreement on the importance of deploying on schedule. After considering the intervening political development and in reconsidering the arguments on technological uncertainty, the Joint Chiefs of Staff have unanimously concluded that the crucial need for an advanced highly capable ICBM can best be met by the deployment of MX in Minuteman silos.

The Commission correctly looked beyond the specifics of an MX basing mode, and more importantly did not consider the ICBM force in isolation. They recognized that our goal should be to increase stability. We endorse their recommendation that research on a small, single warhead ICBM begin at once. Development of such a weapon may offer the prospect of continued deterrence with even greater stability in the future. We also strongly support the recommendation for continued research to resolve uncertainties about silo or shelter hardness.

The Commission's report gives us a formula that makes sense both militarily and fiscally.

Following the Commission's recommendations will provide effective deterrence. The deployment of MX will help redress the imbalances that have developed over the past decade. In the future, adding the small single warhead ICBM coupled with an aggressive arms control effort offers the prospect of increased stability. We believe that these steps coupled with the President's long-term goal of effective defense against ballistic missiles provide a blueprint for deterrence well into the next century.

In our review of strategic systems and our overall strategic posture we have also looked at costs. We believe that the President's budget represents a balance among our strategic nuclear, our theater nuclear forces and our general purpose forces. The President's program for strategic forces represents less than 15 percent of the DoD budget for each year of the five year period. This equates to about one percent of the GNP. The estimated cost of the President's program based on the recommendations of the Commission would be \$5.3 billion in FY 1984. This is \$4.7 billion for deployment of MX in Minuteman silos and \$.6 billion to begin follow-on technology. The total cost of deploying MX in Minuteman silos is estimated to be \$16.6 billion (constant 82 dollars). This is \$9.8 billion less than the \$26.4 billion estimated for CSB deployment for MX. The Commission recommended an additional \$1.5 billion for research on hardening techniques and for engineering design for a small missile. Results of this concept development effort will determine additional funding requirements for FY 1987 and beyond. In terms of cost and military capability the President's proposal represents a balanced approach to the modernization of our strategic nuclear deterrent.

Before concluding, I should discuss arms control. As the Secretary of Defense noted in his fiscal year 1984 Annual Report, it is the policy of the United States to maintain the lowest level of armament compatible with the preservation of our security and that of our allies. The Joint Chiefs of Staff have concluded that the preservation of that security urgently requires deployment of MX and continuation of the strategic modernization program. But we are united in strong support for meaningful, effective, and verifiable arms reduction. Such reductions will occur only if we make it clear to the Soviets that we have the resolve to maintain an adequate strategic deterrent force. Approval of the President's recommendations is an essential first step toward greater stability and genuine arms reductions.

All of us share a common desire to provide for our national security in the most effective and most economical way. Soviet goals and objectives are not a reflection of our own, and the capability that might deter the United States does not necessarily deter the Soviet Union. The Joint Chiefs of Staff are firmly convinced that the program outlined by the President is needed to deter aggression and represents a balanced approach to providing the forces necessary to provide for the common defense. A strong modern deterrent, coupled with aggressive arms control policies, will provide for stability and ensure national security. The President's decision has the unqualified support of the Joint Chiefs of Staff and deserves the full support of the Congress. I urge this Committee to lead the Congress to appro-

priate the funds for this most important undertaking in providing security for the American people and the Free World.

Mr. Chairman, I am ready for your questions.

THE POLISH DAILY ZGODA

Mr. PERCY. Mr. President, I call the attention of the Senate to the 75th anniversary of the Polish Daily Zgoda (*Dziennik Zwiazkowy*) published in Chicago by the Polish National Alliance. The weekly Zgoda, published since 1881, was supplemented by the Daily Zgoda in 1908.

The Polish Daily Zgoda not only has brought its readers news of special interest to them from across the Nation and the world, but it has contributed significantly to our country by keeping alive Polish history, culture and traditions which are so notable and so worthy.

My friend Aloysius A. Mazewski, president of the Polish National Alliance, in a statement on the paper's 75th anniversary notes that the Polish Daily Zgoda reflects the prevailing attitudes and aspirations of Americans of Polish heritage. He says that the paper addresses itself to the objectives of the Polish National Alliance, to publicizing the activities of Polonia's civic, cultural and educational societies, to the role of Americans of Polish heritage in the mainstream of American life, to the policies of the United States, and to the defense of Poland's right to freedom and independence within the framework of American security and enlightened self interest.

For many years now, Jan Krawiec, who once worked with me in Chicago, is the editor of the Polish Daily Zgoda. He has always been very respected as both a journalist and editor.

On the occasion of the Polish Daily Zgoda's 75th anniversary, I congratulate Aloysius Mazewski, Jan Krawiec and all the men and women who participate in the writing, editing and publishing of this fine newspaper.

DEFENDING AMERICA

Mr. ARMSTRONG. Mr. President, when Demosthenes, the great statesman of Athens, was asked why the people of that ancient city failed to oppose the dictatorship of Phillip of Macedon in 341 B.C., Demosthenes blamed the leaders. The people of Athens failed in their duty, he said, because the leaders had not only failed to inform but had, in effect, told the people what they wanted to hear, instead of what they needed to hear to assure their survival.

Whatever may lie ahead for our Nation, I believe history will record that President Reagan has told the people of America what they need to know, the hard facts of international life. In his address to the Nation on

the night of March 23, Mr. Reagan called for historic change in U.S. strategy and explained in clear, forceful terms the reasons for his proposal.

How we shall respond remains to be seen. But I am personally convinced that the fate of our Nation depends upon our response; indeed, if I may borrow the title of Jonathan Schell's influential new book, upon our response to the President's initiative may well depend "The Fate of the Earth."

In reading military history, I am impressed that over and over again, nations have come to historical intersections; those nations which have chosen wisely have survived and prospered while those which have taken wrong turns have paid a bitter price for their errors of judgment.

The failure of King Phillip II to adapt Mediterranean style naval warfare doomed Spanish efforts to compete in the Atlantic against the English and Dutch and contributed heavily to the historic defeat of the Spanish Armada.

The conscious and obstinate refusal of the Turks to adopt European methods of training led to one military disaster after another. Even subsequent efforts to modernize could not prevent defeats which culminated in dissolution of the Empire in 1918.

Similarly, the deliberate downplaying of artillery doomed the ambitions of Frederick the Great despite the legendary valor and obedience of his Prussian troops.

But the willingness to form a national bank to finance naval expansion permitted Britain to become a global seapower, far outdistancing rival nations including some whose warships were better designed than their British equivalents and whose governments aspired to naval parity or pre-dominance.

In our own century, drastic strategic mistakes have been the margin between safety and suffering, victory and defeat, as the French sought to hide behind an impractical maginot line, the British failed to mobilize against Hitler and America dallied while Japan prepared war in the Pacific.

That such decisions—of preparedness and strategy—are matters of life or death is the repetitious lesson of history. Therefore President Reagan's March 23 message to the American people should be evaluated in an historical perspective.

Mr. Reagan's proposal is to execute a 180° shift in the strategic nuclear policy which the United States has followed for the past 20 years—to move away from a policy based on our ability to kill the Russian people, and toward a policy based on our ability to protect our own homeland without threatening the Russian population.

He seeks nothing less than to lift from above our heads the nuclear sword of Damocles. If he is successful in this noble endeavor, I believe President Reagan will one day be regarded as the greatest peacemaker of our century. He deserves our wholehearted admiration and our vigorous support.

Undoubtedly, the Senate will consider much testimony of a scientific nature and properly so. But the basic issue of U.S. strategy hinges on issues of moral and political judgment which far transcend purely military or scientific considerations. It is upon these issues that I would like to briefly comment.

In the congressional reading room is a volume entitled: "An Encyclopedia of Military History," compiled by R. E. and T. N. Dupuy. It records the history of warfare from 3,500 years before the birth of Christ to the present day, with a page or two devoted to each major battle or war. The volume is depressingly long, comprising nearly 1,500 pages. In nearly 5,500 years of human history, during which hundreds of empires and thousands of nations rose and fell, the Dupuys were able to find only a single instance—just one—of a nation which voluntarily abandoned the defense of its own people. That dubious distinction belongs to the United States. We acquired it in the mid-1960's when we unilaterally abandoned efforts to defend our homeland, and embraced the policy that has become known as mutual assured destruction.

I do not believe that any military acronym is more on the mark than the one that was coined for the doctrine of mutual assured destruction, because if mutual assured destruction is not MADness, then nothing is. The MAD doctrine was based on false premises, was never accepted by the Soviets, and is fundamentally immoral.

The MAD theory is easier to describe than it is to defend. Essentially, it is a murder-suicide pact. The theory was that if both the United States and the Soviet Union possessed the power to destroy each other, but not each other's weapons, then neither would ever attack the other, because the end result would be the destruction of both.

The first false premise on which the MAD doctrine was based was the notion that the intercontinental ballistic missiles, of the late 1960's vintage, was the ultimate weapon. The MADmen assumed there would be no further advances in military technology, at least none that would matter.

This was a most foolish assumption to make. The "Encyclopedia of Military History," to which I have already alluded, indicates that over the last five millennia there has been a rough balance in the relative prominence of offensive and defensive systems, with the balance shifting every 60 or 70

years. More often than not, it was the defense that was in the ascendancy. The military balance has never ever been static, yet the MADmen assumed the time and technology would be frozen, if not for all of time, at least for the indefinite future, at where we were 15 to 20 years ago.

It was an assumption that proved false within a few years after Secretary McNamara succeeded in making mutual assured destruction official U.S. policy. The development of independently targetable warheads with circular errors probable of 300 feet or less undermined an essential component of the MAD doctrine. With accurate MIRV's on ICBM's, it was at least theoretically possible for one nation to destroy the other's weapons under condition of surprise attack. Assured destruction no longer would be mutual.

By adhering to the MAD doctrine, we have assured our own destruction in the event of a general nuclear war, but not that of the Soviet Union. The Soviets are on the verge of achieving, if they have not already, the ability, under conditions of first strike, to destroy virtually all of our ICBM's, virtually all of our strategic bombers, and those nuclear submarines that are in port at any given time. While still most unlikely, a nuclear Pearl Harbor is now a conceivable policy option for the generals in the Kremlin.

Another fundamental flaw of mutual assured destruction is that it was never mutual. Soviet leaders, in both official statements for foreign consumption and in their military journals, derided it from the beginning as both insane and immoral. As Senators know, for the MAD doctrine to have any validity at all, it is necessary for the leaders of both the United States and the Soviet Union to reject nuclear war as an instrument of policy. We, of course, have done so. But the Soviet leaders never have. On the contrary, it is still Soviet doctrine that a military clash between the Communist world and the capitalist world is inevitable; that weapons of mass destruction will be used in that clash, and that the Soviets should initiate the use of weapons of mass destruction in order to make certain that the Socialist world will emerge triumphant.

I do not believe this is mere rhetoric on the part of the Soviet leaders, Mr. President, they have been putting their money where their mouths are. The Soviet strategic forces, unlike ours, are configured for an attack on our weapons, not for the mutual massacre of civilians called for in the MAD doctrine. While Secretary McNamara and his successors deliberately stripped America's air defenses so our civilians would be more vulnerable to Soviet nuclear weapons, the Soviets were spending hundreds of billions of

rubles on air defense, ballistic missile defense, and civil defense. Last June 18, the Soviets tested, apparently successfully, the command and control systems that would be required to make a nuclear surprise attack work. It seems clear that the Soviet leaders do not accept the MAD doctrine and never will. MAD is not a pact at all, just a one-way ticket to oblivion for the United States if we continue to cling to this preposterous doctrine.

The practical reasons I have discussed are more than reason enough for us to abandon, once and for all, the doctrine of mutual assured destruction, and to move in the direction that the President has pointed out for us. But there is for me an even more compelling reason:

The MAD doctrine is immoral. There is something macabre, and worse, in basing our security on our ability to murder Russian women and children. And it is even more reprehensible—if that is possible—to deliberately increase the exposure of our own people to nuclear destruction simply in order to fulfill the demands of an abstract, ahistorical, unproven, and illogical theory. We pray that deterrence will not fail. But if deterrence fails, there is nothing to be gained by massacring ordinary Russian civilians, the vast majority of whom have suffered more from communism, and who hate communism more than we ever will. Americans across the political spectrum have been uncomfortable with our strategic nuclear policy for some time, and I think the MAD doctrine is the reason why.

By emphasizing strategic defense, President Reagan has pointed the way to a revised nuclear strategy that is logically sound and historically correct; that does not rely on the goodwill of the generals in the Kremlin to succeed, and which is based on the concept of saving lives, not destroying them.

If we can create an effective ballistic missile defense, the American people no longer need fear a nuclear holocaust. We can lift that fear from the lives of all of our people without relying for our security on the goodwill and humanitarianism of leaders who have butchered innocents from Afghanistan to Poland, or on the promises of totalitarian leaders who have never kept such promises in the past.

I should point out, in anticipation of objections which are sure to be raised, that an effective missile defense system need not be perfect in order to achieve a substantial reduction in danger.

Furthermore, if we can create an effective ballistic missile defense, we can then begin to withdraw from our own arsenal the weapons of mass destruction that have cast such a pall over the world. If we can base our security

on something more substantial than our ability to kill Russian women and children, we need no longer stockpile such weapons. We could take a very positive step toward reducing the number of offensive weapons in the world with fear of endangering our own security, and perhaps begin the process that would remove these nightmare weapons from the face of the Earth.

Experts assure me that it is both practicable and affordable for the United States to deploy an effective ballistic missile defense before the end of this century. I can think of no more worthy task than the one the President set before us on March 23. Let us get on with the task.

Mr. BAKER. Mr. President, I suggest the absence of a quorum.

The PRESIDING OFFICER. The Clerk will call the roll.

The Assistant Secretary of the Senate proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER (Mr. PRESSLER). Without objection, it is so ordered.

Mr. BAKER. Mr. President, I believe there is an order for the Senate to proceed now to the consideration of the pending resolution.

CONCLUSION OF MORNING BUSINESS

The PRESIDING OFFICER. Is there any further morning business? If not, morning business is closed.

FIRST CONCURRENT BUDGET RESOLUTION—FISCAL YEAR 1984

The PRESIDING OFFICER. Under the previous order, the hour of 10 a.m. having arrived, the Senate will now resume consideration of the pending business, Senate Concurrent Resolution 27, which the clerk will report.

The assistant legislative clerk read as follows:

A Senate concurrent resolution (S. Con. Res. 27) revising the congressional budget for the U.S. Government for the fiscal year 1983 and setting forth the congressional budget for the U.S. Government for the fiscal years 1984, 1985, and 1986.

The Senate resumed consideration of the concurrent resolution.

VOTE ON HOLLINGS MOTION TO RECONSIDER

The PRESIDING OFFICER. The pending question is the Hollings motion to reconsider the vote by which the motion to table Hollings amendment No. 1237 was rejected.

The yeas and nays have been ordered, and the clerk will call the roll.

The assistant legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr.

HELMS), the Senator from Wisconsin (Mr. KASTEN), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

I further announce that, if present and voting, the Senator from Alaska (Mr. MURKOWSKI) would vote "yea."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON), the Senator from Missouri (Mr. EAGLETON), the Senator from Ohio (Mr. GLENN), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that if present and voting, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Illinois (Mr. DIXON), and the Senator from Kentucky (Mr. HUDDLESTON) would each vote "nay."

The VICE PRESIDENT. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 42, nays 46, as follows:

[Rollcall Vote No. 76 Leg.]

YEAS—42

Abdnor	Grassley	Proxmire
Armstrong	Hatch	Quayle
Baker	Hawkins	Roth
Boschwitz	Hecht	Rudman
Chafee	Heinz	Simpson
Danforth	Humphrey	Stevens
Denton	Kassebaum	Symms
Dole	Laxalt	Thurmond
Domenici	Lugar	Tower
Durenberger	Mattingly	Tribble
East	Nickles	Wallop
Garn	Packwood	Warner
Goldwater	Percy	Weicker
Gorton	Pressler	Wilson

NAYS—46

Andrews	Exon	Mitchell
Baucus	Ford	Moynihan
Bentsen	Hart	Nunn
Biden	Heflin	Pell
Bingaman	Hollings	Pryor
Boren	Inouye	Randolph
Bradley	Jackson	Riegle
Bumpers	Jepson	Sarbanes
Burdick	Johnston	Sasser
Byrd	Lautenberg	Specter
Chiles	Leahy	Stafford
Cochran	Levin	Stennis
Cohen	Long	Tsongas
Cranston	Matsunaga	Zorinsky
D'Amato	Melcher	
Dodd	Metzenbaum	

NOT VOTING—12

DeConcini	Hatfield	Kennedy
Dixon	Helms	Mathias
Eagleton	Huddleston	McClure
Glenn	Kasten	Murkowski

So the motion to reconsider the motion to table was rejected.

AMENDMENT 1239

(Purpose: to increase the budget ceilings, allow increased funding for elementary and secondary education programs, and student financial assistance)

The VICE PRESIDENT. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The VICE PRESIDENT. The amendment will be stated.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI) proposes an amendment numbered 1239.

Mr. DOMENICI. I ask unanimous consent that further reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

In lieu of the language proposed to be inserted, insert the following:

On page 3, beginning with line 10, strike out through line 23 on page 16 and insert in lieu thereof the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1983: \$875,925,000,000.

Fiscal year 1984: \$910,100,000,000.

Fiscal year 1985: \$982,575,000,000.

Fiscal year 1986: \$1,048,900,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1983: \$807,325,000,000.

Fiscal year 1984: \$850,000,000,000.

Fiscal year 1985: \$910,675,000,000.

Fiscal year 1986: \$964,400,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1983: \$204,000,000,000.

Fiscal year 1984: \$163,500,000,000.

Fiscal year 1985: \$147,400,000,000.

Fiscal year 1986: \$133,600,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1983: \$1,383,900,000,000.

Fiscal year 1984: \$1,591,300,000,000.

Fiscal year 1985: \$1,189,400,000,000.

Fiscal year 1986: \$1,198,600,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1983: \$93,700,000,000.

Fiscal year 1984: \$207,400,000,000.

Fiscal year 1985: \$198,100,000,000.

Fiscal year 1986: \$191,200,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1982, October 1, 1983, October 1, 1984, and October 1, 1985, are as follows:

Fiscal year 1983:

(A) New direct loan obligations, \$55,400,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1984:

(A) New direct loan obligations, \$48,200,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1985:

(A) New direct loan obligations, \$48,100,000,000.

(B) New loan guarantee commitments, \$97,400,000,000.

Fiscal year 1986:

(A) New direct loan obligations, \$48,700,000,000.

(B) New loan guarantee commitments, \$101,000,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1983 through 1986 for each major functional category are:

(1) National Defense (050):
Fiscal year 1983:
(A) New budget authority, \$244,100,000,000.
(B) Outlays, \$214,300,000,000.
(C) New direct loan obligations, \$0.
(D) New loan guarantee commitments, \$0.
Fiscal year 1984:
(A) New budget authority, \$267,000,000,000.
(B) Outlays, \$241,500,000,000.
(C) New direct loan obligations, \$0.
(D) New loan guarantee commitments, \$0.
Fiscal year 1985:
(A) New budget authority, \$299,500,000,000.
(B) Outlays, \$270,700,000,000.
(C) New direct loan obligations, \$0.
(D) New loan guarantee commitments, \$0.
Fiscal year 1986:
(A) New budget authority, \$334,800,000,000.
(B) Outlays, \$300,000,000,000.
(C) New direct loan obligations, \$0.
(D) New loan guarantee commitments, \$0.
(2) International Affairs (150):
Fiscal year 1983:
(A) New budget authority, \$24,900,000,000.
(B) Outlays, \$11,500,000,000.
(C) New direct loan obligations, \$11,700,000,000.
(D) New loan guarantee commitments, \$9,200,000,000.
Fiscal year 1984:
(A) New budget authority, \$18,200,000,000.
(B) Outlays, \$12,700,000,000.
(C) New direct loan obligations, \$11,200,000,000.
(D) New loan guarantee commitments, \$10,300,000,000.
Fiscal year 1985:
(A) New budget authority, \$16,500,000,000.
(B) Outlays, \$12,800,000,000.
(C) New direct loan obligations, \$11,500,000,000.
(D) New loan guarantee commitments, \$10,300,000,000.
Fiscal year 1986:
(A) New budget authority, \$15,900,000,000.
(B) Outlays, \$12,800,000,000.
(C) New direct loan obligations, \$11,600,000,000.
(D) New loan guarantee commitments, \$10,300,000,000.
(3) General Science, Space, and Technology (250):
Fiscal year 1983:
(A) New budget authority, \$7,900,000,000.
(B) Outlays, \$7,700,000,000.
(C) New direct loan obligations, \$200,000,000.
(D) New loan guarantee commitments, \$0.
Fiscal year 1984:
(A) New budget authority, \$8,500,000,000.
(B) Outlays, \$8,200,000,000.
(C) New direct loan obligations, \$37,000,000.
(D) New loan guarantee commitments, \$0.
Fiscal year 1985:
(A) New budget authority, \$8,500,000,000.
(B) Outlays, \$8,500,000,000.
(C) New direct loan obligations, \$0.
(D) New loan guarantee commitments, \$0.
Fiscal year 1986:
(A) New budget authority, \$8,400,000,000.
(B) Outlays, \$8,400,000,000.
(C) New direct loan obligations, \$0.
(D) New loan guarantee commitments, \$0.
(4) Energy (270):
Fiscal year 1983:
(A) New budget authority, \$4,000,000,000.
(B) Outlays, \$4,600,000,000.
(C) New direct loan obligations, \$13,100,000,000.

(D) New loan guarantee commitments, \$200,000,000.
Fiscal year 1984:
(A) New budget authority, \$3,900,000,000.
(B) Outlays, \$4,100,000,000.
(C) New direct loan obligations, \$13,900,000,000.
(D) New loan guarantee commitments, \$200,000,000.
Fiscal year 1985:
(A) New budget authority, \$3,600,000,000.
(B) Outlays, \$2,900,000,000.
(C) New direct loan obligations, \$14,300,000,000.
(D) New loan guarantee commitments, \$0.
Fiscal year 1986:
(A) New budget authority, \$3,200,000,000.
(B) Outlays, \$2,700,000,000.
(C) New direct loan obligations, \$14,400,000,000.
(D) New loan guarantee commitments, \$0.
(5) Natural Resources and Environment (300):
Fiscal year 1983:
(A) New budget authority, \$12,500,000,000.
(B) Outlays, \$12,800,000,000.
(C) New direct loan obligations, \$100,000,000.
(D) New loan guarantee commitments, \$0.
Fiscal year 1984:
(A) New budget authority, \$12,000,000,000.
(B) Outlays, \$12,500,000,000.
(C) New direct loan obligations, \$27,000,000.
(D) New loan guarantee commitments, \$0.
Fiscal year 1985:
(A) New budget authority, \$12,200,000,000.
(B) Outlays, \$12,600,000,000.
(C) New direct loan obligations, \$27,000,000.
(D) New loan guarantee commitments, \$0.
Fiscal year 1986:
(A) New budget authority, \$12,500,000,000.
(B) Outlays, \$12,200,000,000.
(C) New direct loan obligations, \$27,000,000.
(D) New loan guarantee commitments, \$0.
(6) Agriculture (350):
Fiscal year 1983:
(A) New budget authority, \$24,200,000,000.
(B) Outlays, \$24,000,000,000.
(C) New direct loan obligations, \$18,600,000,000.
(D) New loan guarantee commitments, \$5,500,000,000.
Fiscal year 1984:
(A) New budget authority, \$11,600,000,000.
(B) Outlays, \$11,400,000,000.
(C) New direct loan obligations, \$12,100,000,000.
(D) New loan guarantee commitments, \$3,800,000,000.
Fiscal year 1985:
(A) New budget authority, \$14,000,000,000.
(B) Outlays, \$12,300,000,000.
(C) New direct loan obligations, \$11,700,000,000.
(D) New loan guarantee commitments, \$3,800,000,000.
Fiscal year 1986:
(A) New budget authority, \$13,200,000,000.
(B) Outlays, \$13,100,000,000.
(C) New direct loan obligations, \$12,200,000,000.
(D) New loan guarantee commitments, \$3,800,000,000.
(7) Commerce and Housing Credit (370):
Fiscal year 1983:
(A) New budget authority, \$5,200,000,000.
(B) Outlays, \$2,700,000,000.
(C) New direct loan obligations, \$6,500,000,000.
(D) New loan guarantee commitments, \$48,700,000,000.

Fiscal year 1984:
(A) New budget authority, \$5,900,000,000.
(B) Outlays, \$1,800,000,000.
(C) New direct loan obligations, \$6,400,000,000.
(D) New loan guarantee commitments, \$48,700,000,000.
Fiscal year 1985:
(A) New budget authority, \$6,500,000,000.
(B) Outlays, \$0.
(C) New direct loan obligations, \$6,300,000,000.
(D) New loan guarantee commitments, \$48,700,000,000.
Fiscal year 1986:
(A) New budget authority, \$6,500,000,000.
(B) Outlays, -\$300,000,000.
(C) New direct loan obligations, \$6,300,000,000.
(D) New loan guarantee commitments, \$48,700,000,000.
(8) Transportation (400):
Fiscal year 1983:
(A) New budget authority, \$26,800,000,000.
(B) Outlays, \$22,100,000,000.
(C) New direct loan obligations, \$200,000,000.
(D) New loan guarantee commitments, \$1,000,000,000.
Fiscal year 1984:
(A) New budget authority, \$27,700,000,000.
(B) Outlays, \$25,900,000,000.
(C) New direct loan obligations, \$100,000,000.
(D) New loan guarantee commitments, \$600,000,000.
Fiscal year 1985:
(A) New budget authority, \$28,400,000,000.
(B) Outlays, \$26,900,000,000.
(C) New direct loan obligations, \$100,000,000.
(D) New loan guarantee commitments, \$400,000,000.
Fiscal year 1986:
(A) New budget authority, \$29,200,000,000.
(B) Outlays, \$27,800,000,000.
(C) New direct loan obligations, \$100,000,000.
(D) New loan guarantee commitments, \$300,000,000.
(9) Community and Regional Development (450):
Fiscal year 1983:
(A) New budget authority, \$8,300,000,000.
(B) Outlays, \$7,900,000,000.
(C) New direct loan obligations, \$2,100,000,000.
(D) New loan guarantee commitments, \$500,000,000.
Fiscal year 1984:
(A) New budget authority, \$6,600,000,000.
(B) Outlays, \$8,100,000,000.
(C) New direct loan obligations, \$1,700,000,000.
(D) New loan guarantee commitments, \$300,000,000.
Fiscal year 1985:
(A) New budget authority, \$7,100,000,000.
(B) Outlays, \$8,200,000,000.
(C) New direct loan obligations, \$1,000,000,000.
(D) New loan guarantee commitments, \$300,000,000.
Fiscal year 1986:
(A) New budget authority, \$7,100,000,000.
(B) Outlays, \$7,000,000,000.
(C) New direct loan obligations, \$1,000,000,000.
(D) New loan guarantee commitments, \$400,000,000.
(10) Education, Training, Employment, and Social Services (500):
Fiscal year 1983:
(A) New budget authority, \$28,000,000,000.

(B) Outlays, \$26,800,000,000.
(C) New direct loan obligations, \$600,000,000.

(D) New loan guarantee commitments, \$6,500,000,000.

Fiscal year 1984:

(A) New budget authority, \$31,200,000,000.

(B) Outlays, \$27,200,000,000.

(C) New direct loan obligations, \$700,000,000.

(D) New loan guarantee commitments, \$6,600,000,000.

Fiscal year 1985:

(A) New budget authority, \$27,900,000,000.

(B) Outlays, \$27,800,000,000.

(C) New direct loan obligations, \$700,000,000.

(D) New loan guarantee commitments, \$6,600,000,000.

Fiscal year 1986:

(A) New budget authority, \$27,900,000,000.

(B) Outlays, \$27,800,000,000.

(C) New direct loan obligations, \$800,000,000.

(D) New loan guarantee commitments, \$6,600,000,000.

The VICE PRESIDENT. The Senator from New Mexico.

Mr. DOMENICI. Mr. President, Members of the Senate, as you will recall, yesterday, we found ourselves in a position where the amendment by the distinguished Senator from New Hampshire (Mr. RUDMAN) was to the resolution, not to the Hollings amendment. What this amendment now does is amend the Hollings amendment so that it is now brought down to the exact levels of the Rudman amendment.

In other words, yesterday, we were running on two courses. We passed the Rudman amendment as a freestanding amendment to the resolution. What this will do is to reduce the funding level in the Hollings amendment to the level in the Rudman amendment passed yesterday.

I reserve the remainder of my time.

Mr. HOLLINGS. Will the Senator yield?

Mr. SARBANES. Will the Senator yield for a question?

Mr. DOMENICI. Yes; I yield for a question.

Mr. HOLLINGS. That brings us down to \$400 million, is that right?

Mr. DOMENICI. That brings us down to the \$400 million that was in the Rudman amendment.

Mr. HOLLINGS. That is right.

The VICE PRESIDENT. Who yields time?

Mr. CHILES. Vote.

Mr. DOMENICI. I ask for the yeas and nays.

The VICE PRESIDENT. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. Is all time yielded back?

Mr. SARBANES. Mr. President, will the Senator yield for a question?

Mr. DOMENICI. Yes.

Mr. SARBANES. I am not clear in my mind what the amendment does.

Mr. DOMENICI. This amendment will reduce the Hollings amendment to the funding levels contained in the Rudman amendment.

Mr. SARBANES. Is this reducing the Hollings amendment to the level of the Rudman amendment?

Mr. DOMENICI. That is correct.

Mr. HOLLINGS. So we are voting once again on \$400 million rather than \$1.5 billion. We are definitely opposed to that.

I think, Mr. President, if the distinguished Senator will yield, we have had two very hotly contested but very positive majority votes now for our amendment at the \$1.5 billion. I hope our colleagues will stick with us. This is right at the House level practically, and I hope we can proceed with it and go to conference on this amount and defeat this particular amendment.

Mr. DOMENICI. Mr. President, let me say to the Members of the Senate that we are in a position as of last night where the Senate, by a majority vote, approved the Rudman amendment. I am not asking them to do that again but reaffirm their position as an amendment to the Hollings amendment. At present, we have a very inconsistent situation.

We approved the Rudman amendment and it was freestanding. Then we did not table the Hollings amendment. So what I am asking the Senate to do is reaffirm the vote that it made last evening in support of the Rudman amendment, but I am doing it by amending the Hollings amendment so that, if we do so vote, the Hollings amendment will become the add-on that was sought by Senators RUDMAN, DURENBERGER, myself, and others.

Mr. SARBANES. Mr. President, that is not what the Senate has been indicating by its votes. The Senate has been clearly indicating by its votes that it wants to do more than the Rudman amendment.

Mr. DOMENICI. The Senate has not clearly indicated anything. What it has indicated is that it is in favor of the Rudman amendment. How many votes did the Senator win by? He won by four votes. Our refusal here this morning to table the Hollings amendment was never won by more than four votes. So it seems to me that the question is squarely formed: What did the Senate mean when it voted both ways? Now I would like to give them an opportunity without other amendments around to see if they really intended their vote for the Rudman amendment.

I am prepared to yield back the remainder of my time.

Mr. HOLLINGS addressed the Chair.

Mr. RUDMAN. Will the Senator yield for a brief comment?

Mr. DOMENICI. I yield to the Senator.

Mr. RUDMAN. I just want to say to the Senator from Maryland two other things about the amendment that should be called to the attention of the Senate.

No. 1, the amount for the math and science initiative contained in the Hollings amendment is identical in my amendment. Second, language which would have funded \$200 million has been eliminated. Thus, the actual net impact financially of my amendment is not \$400 million but \$600 million.

Mr. HOLLINGS addressed the Chair.

The VICE PRESIDENT. Does the Senator from Florida yield time to the Senator from South Carolina?

Mr. CHILES. I yield 2 minutes to the Senator from South Carolina.

Mr. HOLLINGS. Mr. President, you can see why the budget is not balanced with that dialog. The Senator is saying that my amendment is just being conformed. We voted very positively on two occasions, even calling the Vice President to the Chamber—it must be a very serious treatment of this particular matter—and we still prevailed.

So under that premise, I think the votes are fairly well established that Senators feel this is a good amendment. We voted twice on it, once yesterday and once this morning, with everybody being worked over, and the Vice President being called to the Chamber. To say we are just conforming to what we did, obviously the Rudman amendment was just to put in a part but it was not enough. A majority of the Senate now feels very positive we should move forward and put a total of \$1.5 billion add-on into some 17 different educational programs.

On that premise, Mr. President, I move to table the Domenici amendment and ask for the yeas and nays.

The VICE PRESIDENT. Until time has been used or yielded back, the motion to table is not in order.

Mr. DOMENICI. I yield back my time.

Mr. CHILES. I yield back all of our time.

The VICE PRESIDENT. The question is on agreeing to the motion to table the Domenici amendment. Is there a sufficient second?

There is a sufficient second.

The yeas and nays were ordered.

The VICE PRESIDENT. The clerk will call the roll.

The legislative clerk called the roll.

Mr. STEVENS. I announce that the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr. HELMS), the Senator from Wisconsin (Mr. KASTEN), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. McCLURE), and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) and the Senator from Alaska (Mr. MURKOWSKI) would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON), the Senator from Missouri (Mr. EAGLETON), the Senator from Ohio (Mr. GLENN), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that, if present and voting, the Senator from Massachusetts (Mr. KENNEDY), the Senator from Illinois (Mr. DIXON), and the Senator from Kentucky (Mr. HUDDLESTON) would each vote "yea."

The VICE PRESIDENT. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 45, nays 43, as follows:

[Rollcall Vote No. 77 Leg.]

YEAS—45

Andrews	Dodd	Melcher
Baucus	Exon	Metzenbaum
Bentsen	Ford	Mitchell
Biden	Hart	Moynihan
Bingaman	Heflin	Nunn
Boren	Hollings	Pell
Bradley	Inouye	Pryor
Bumpers	Jackson	Randolph
Burdick	Jepsen	Riegle
Byrd	Johnston	Sarbanes
Chiles	Lautenberg	Sasser
Cochran	Leahy	Specter
Cohen	Levin	Stafford
Cranston	Long	Stennis
D'Amato	Matsunaga	Tsongas

NAYS—43

Abdnor	Hatch	Roth
Armstrong	Hawkins	Rudman
Baker	Hecht	Simpson
Boschwitz	Heinz	Stevens
Chafee	Humphrey	Symms
Danforth	Kassebaum	Thurmond
Denton	Laxalt	Tower
Dole	Lugar	Trible
Domenici	Mattlingly	Wallop
Durenberger	Nickles	Warner
East	Packwood	Weicker
Garn	Percy	Wilson
Goldwater	Pressler	Zorinsky
Gorton	Proxmire	
Grassley	Quayle	

NOT VOTING—12

DeConcini	Hatfield	Kennedy
Dixon	Helms	Mathias
Eagleton	Huddleston	McClure
Glenn	Kasten	Murkowski

So the motion to lay on the table amendment No. 1239 was agreed to.

AMENDMENT 1240

(Purpose: to increase the budget ceilings to allow increased funding for elementary and secondary education programs and student financial assistance)

Mr. HOLLINGS. Mr. President, I send to the desk an amendment which I ask the clerk to state and after he states the amendment I wish to make a statement on that amendment.

The VICE PRESIDENT. The amendment will be stated.

The bill clerk read as follows:

The Senator from South Carolina (Mr. HOLLINGS) for himself, Mr. STAFFORD, and Mr. BRADLEY proposes an amendment numbered 1240.

Mr. HOLLINGS. Mr. President, I ask unanimous consent that the reading of the amendment be dispensed with.

The VICE PRESIDENT. Without objection, it is so ordered.

The amendment is as follows:

On page 3, line 13, strike the number and insert "\$910,700,000,000".

On page 3, line 14, strike the number and insert "\$983,175,000,000".

On page 3, line 15, strike the number and insert "\$1,049,500,000".

On page 3, line 19, strike the number and insert "\$850,050,000,000".

On page 3, line 20, strike the number and insert "\$911,275,000,000".

On page 3, line 21, strike the number and insert "\$965,000,000,000".

On page 4, line 1, strike the number and insert "\$163,550,000,000".

On page 4, line 2, strike the number and insert "\$148,000,000,000".

On page 4, line 3, strike the number and insert "\$134,200,000,000".

On page 4, line 7, strike the number and insert "\$1,591,350,000,000".

On page 4, line 8, strike the number and insert "\$1,790,000,000,000".

On page 4, line 9, strike the number and insert "\$1,980,200,000,000".

On page 4, line 14, strike the number and insert "\$207,450,000,000".

On page 4, line 15, strike the number and insert "\$198,700,000,000".

On page 4, line 16, strike the number and insert "\$191,800,000,000".

On page 16, line 4, strike the number and insert "\$31,800,000,000".

On page 16, line 5, strike the number and insert "\$27,250,000,000".

On page 16, line 11, strike the number and insert "\$28,500,000,000".

On page 16, line 12, strike the number and insert "\$28,400,000,000".

On page 16, line 18, strike the number and insert "\$28,500,000,000".

On page 16, line 19, strike the number and insert "\$28,300,000,000".

(The names of the following Senators were added as cosponsors: Mr. PELL, Mr. D'AMATO, Mr. BOSCHWITZ, and Mr. HUDDLESTON.)

Mr. HOLLINGS. Mr. President, after consulting with colleagues on both sides of the aisle, on behalf of Senators STAFFORD, ANDREWS, BRADLEY, myself and others who have been working on this, I propose this amendment. We have had three votes at the \$1.5 billion figure; however, we must work our way out of this situation because we know a determined minority can stretch out this matter. We think the better part of judgment at this particular moment is to go ahead and present a perfecting amendment to the resolution itself at the \$1 billion add-on rather than the \$1.5 billion for the some 17 programs which would bring the budget resolution up to \$15.9 billion rather than the \$16.4 billion.

I do not think we need any further discussion unless there are further questions.

I yield to the distinguished chairman of the committee, Senator STAFFORD.

Mr. STAFFORD. Mr. President, I appreciate the distinguished Senator yielding to me. I agree with what he has said.

We debated this at length yesterday. It seems to me that at \$1 billion instead of \$1.5 billion we have made a very substantial concession of the realities of the budget situation the country is in and that at the \$1 billion figure we will be able to accomplish two-thirds of the total program of additional help in many very important areas of education that we were targeting the money toward yesterday, including chapter 1 of elementary, secondary education, the disadvantaged children, the handicapped children, and at the college level programs and college work study and student education opportunity grants, all designed to help disadvantaged young people of this country have an equal opportunity for education.

I hope that at this figure the Senate will be prepared to vote affirmatively on the proposal.

Mr. BAKER. Mr. President, will the Senator yield to me?

Mr. DOMENICI. I am pleased to yield.

Mr. BAKER. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BAKER. Mr. President, I am not sure because I have not had a chance to look at the amendment. Could I inquire, is the amendment now offered by the Senator from South Carolina to the resolution or to the Hollings amendment?

Mr. HOLLINGS. It is to the resolution. My intention would be if we could adopt this particular amendment I would vitiate the rollcall and withdraw the other amendment. I could not perfect my own.

The VICE PRESIDENT. The Senator is correct.

Mr. BAKER. I am not sure. Let me make sure. Did I understand the Chair to say the Senator is correct saying he could not perfect his own amendment?

The VICE PRESIDENT. No. But the Senator is correct that it is an amendment to the resolution.

Mr. BAKER. Mr. President, I thank the Chair.

Now let me point out to the Senate that I have absolutely no doubt that the Senator from South Carolina will do precisely what he says, but let me suggest that if we go that route we are going to end up in the same place we were before and we are going to have two inconsistent amendments adopted, assuming this amendment is adopted. We are precisely where we were with Rudman. We will have one amendment adopted at \$1 billion and an-

other amendment adopted at \$1.5 billion or pending.

Mr. President, what I hope is that the Senator from South Carolina, if he wants to do this, would go ahead and amend his own amendment. I believe the Chair will rule that he can do that and I believe he would not have an objection on this side to him doing that if he wishes.

But I point out that after we have this vote it still will not be dispositive of the issue unless that is done.

Mr. HOLLINGS. Mr. President, on that premise that we have, as if the Senator came in with a pocketful of amendments, and that is the one we had, I ask that the amendment be to my own amendment. That is exactly what I am trying to do. I ask that my amendment be withdrawn and submitted as a perfecting amendment to the pending Hollings amendment so there is no doubt about it, if I could ask unanimous consent to do that.

Mr. METZENBAUM. The Senator does not need unanimous consent.

Mr. HOLLINGS. I ask it anyway so there is no doubt about it.

The VICE PRESIDENT. The Senator may modify his amendment.

Mr. HOLLINGS. That is right.

The VICE PRESIDENT. But the modification should be sent to the desk.

Mr. BAKER. Mr. President, if the Senator will yield to me, it should not take but only a moment to do that.

Mr. HOLLINGS. That is right.

Mr. BAKER. If the Senator will do it, and the minority leader will not disagree, I will ask unanimous consent that we may now have a quorum call with the time charged equally to both sides.

Mr. SARBANES. Mr. President, will the minority leader yield for a question before he does that?

Mr. HOLLINGS. He is the majority leader.

Mr. BAKER. I yield.

Mr. SARBANES. What is the parliamentary situation that the minority leader—I mean the majority leader is to approve?

Mr. BAKER. He has a mind set.

Mr. SARBANES. I recovered from the past; it is a hope for the future.

Mr. BAKER. But a vain hope, I assure the Senator.

We tried it and liked it.

Mr. President, the situation is that if we are going to do this and if it is going to pass, and I would not be surprised if it does, why take two steps when we can do it in one for the reason if we adopt this amendment we still have two inconsistent amendments pending and then will have to reconcile them on some basis.

I am making the suggestion that the Senator modify his amendment so that his perfecting amendment to the amendment can be dispositive of the whole issue.

Mr. HOLLINGS. And mine would. The question has been asked would my amendment also eliminate the Rudman amendment and it would.

Mr. BAKER. It would.

Mr. HOLLINGS. I am working with Senator STAFFORD's staff.

Mr. BAKER. Mr. President, a further parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. BAKER. If indeed the Senator from South Carolina modifies his amendment and it is adopted as a perfecting amendment to his amendment would it supersede the Rudman amendment which has already been adopted?

The VICE PRESIDENT. Not at that point. The Hollings amendment as amended would then have to be adopted.

Mr. BAKER. If adopted in that form it would supersede the Rudman amendment?

The VICE PRESIDENT. If adopted in that form it would supersede.

Mr. BAKER. Mr. President, I now renew my request that it may be in order for me to suggest the absence of a quorum for a brief time and the time thus consumed be charged equally against both sides.

Mr. HOLLINGS. Mr. President, along with that request I am just trying to explain. As the Senator knows, it is a six-page amendment and there are about 47 different figures to change and the staff of the Budget Committee are checking those changes in order to make the modification the majority leader has suggested. We want to expedite consideration. That is the only reason for the delay. We are usually pretty quick. It does take that amount of time. So I join in the request.

The VICE PRESIDENT. Without objection, it is so ordered. The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HOLLINGS addressed the Chair.

The VICE PRESIDENT. The Senator from South Carolina.

Mr. HOLLINGS. As I understand, the Hollings amendment as an add-on is in and of itself separate from the \$1 billion amendment. If I ask unanimous consent to withdraw the \$1.5 billion Hollings amendment, the amendment which is now pending, which is the pending question, the Hollings, Stafford and others, is for \$1 billion, and if adopted it would supersede or take the place of the Rudman amendment, is that correct?

The VICE PRESIDENT. The Senator is correct.

Mr. HOLLINGS. On that basis, then, I ask unanimous consent to withdraw the Hollings amendment for \$1.5 billion.

The VICE PRESIDENT. Amendment No. 1237 that is, and, if there is no objection, it is so ordered.

Mr. HOLLINGS. Then, Mr. President, I ask unanimous consent that the distinguished Senator from Vermont (Mr. STAFFORD) and the distinguished Senator from New Jersey (Mr. BRADLEY) be added as cosponsors to this pending amendment—the \$1 billion add-on to the educational function, and the distinguished Senator from Montana (Mr. MELCHER). The distinguished Senator from Nebraska (Mr. EXON) and I will have a colloquy.

Also, to add as cosponsors the distinguished Senator from Kentucky (Mr. FORD), the distinguished Senator from West Virginia (Mr. RANDOLPH), the distinguished leader (Mr. BYRD), the distinguished Senator from Maryland (Mr. SARBANES), and the distinguished Senator from New Jersey (Mr. LAUTENBERG).

Does the distinguished senior Senator from New Mexico wish to cosponsor this amendment?

Mr. DOMENICI. I am not a cosponsor at this moment.

Mr. HOLLINGS. I yield to the Senator from Nebraska.

Mr. EXON. Mr. President, I want to have a brief discussion with Senator HOLLINGS and Senator STAFFORD concerning the amendment of the Senator from South Carolina, which was agreed to, with regard to the impact aid. I would like to ask the question if that colloquy previously agreed to has the same intent and effect on the amendment now being offered.

Mr. HOLLINGS. That is exactly correct.

Mr. STAFFORD. That would be the understanding of the Senator from Vermont, also.

Mr. HOLLINGS. I ask unanimous consent that the Senator from Michigan, Mr. RIEGLE, be added as a cosponsor, and the distinguished Senator from Delaware, Mr. BIDEN.

The VICE PRESIDENT. Without objection, it is so ordered.

Mr. HOLLINGS. I ask for the yeas and nays on the amendment.

The PRESIDING OFFICER (Mr. SIMPSON). Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

Mr. HOLLINGS. I yield back my remaining time.

I will withhold that.

Mr. DOMENICI. Mr. President, I have had a number of inquiries about impact aid. Let me see if I can state what I understand about the present Hollings amendment which has basically been reduced from his previous amendment by a half billion dollars in 1984.

I know that the distinguished Senator, the prime sponsor of this measure, when he is offering it at \$1 billion and previous to that when he was offering it at \$1.5 billion, spoke of what he thought the amendment would do in the appropriation process for education.

In the budget process, it is clearly up to the appropriators to utilize both the budget authority and the outlay projections as they see fit within the appropriations process.

As I understand it, if the Rudman \$400 million add-on would have added money to impact aid, certainly the \$1 billion program adds to impact aid. It is strictly a question of whether the appropriators see fit to use more budget authority for impact aid or not.

In other words, despite the fact that the sponsor of an amendment indicate what the budget authority contained in the amendment will be used for, it is the appropriators who actually decide exactly how they are going to appropriate it in the educational field. Is that not correct?

Mr. HOLLINGS. The Senator is correct. The chairman of the Appropriations Subcommittee is not in the Chamber at the moment. He has been talking with the distinguished Senator from South Dakota, Senator ABDNOR, about that.

Mr. PRESSLER. If the Senator will yield, I am very concerned about impact aid funding. We have 50 school districts which currently receive impact aid. One of the districts most severely hit is the Douglas School District which serves the Ellsworth Air Force base. All the teachers at this school have been given termination notices. The survival of this school is at stake. There is also an additional forward funding problem. I would be prepared to support this amendment, if we are sure we are taking care of assumptions for impact aid, especially for heavily impacted school districts.

Mr. EXON. Mr. President, I assure my friend from South Dakota that I think the chairman of the committee of jurisdiction, with the cosponsors of the amendment, will very fairly consider this matter. I have been working closely with him on it. I believe the matter has been resolved as best it can be. With the fact that we are still under a first concurrent budget resolution nothing can be guaranteed. But the intent of the principal sponsor is very clear.

Mr. HOLLINGS. I yield to the Senator from Connecticut.

Mr. WEICKER. I have given my assurances to Senator PRESSLER that I will certainly sit down in the matter of the appropriations process and give consideration to the matters raised here. Make no mistake about it, this is only the opening skirmish of future battles which lie ahead. I have a complete understanding of what the Sena-

tor from South Dakota is trying to achieve and have given my personal assurance.

STATEMENTS DELIVERED OR SUBMITTED ON HOLLINGS AMENDMENT

● Mr. D'AMATO. Mr. President, I support this compromise which would add \$1 billion to the education function. As a cosponsor of the Hollings-Stafford amendment, I feel it is essential that we increase funding for education.

Last week, the National Commission on Excellence in Education transmitted its report to the Secretary of Education on the quality of education in America. The title of the report, "A Nation at Risk," does not leave one with the sense that all is well with the state of education in our country. I will not restate all of the educational dimensions of risk which the Commission found to reach its conclusions; however, some bear mention.

About 13 percent of all 17 year olds in the United States can be considered functionally illiterate and functional illiteracy among minority youth may range as high as 40 percent. Some 23 million American adults are functionally illiterate. International comparisons of student achievement demonstrated that on 19 academic tests American students were never first or second, and compared with other industrialized nations, were last 7 times.

Perhaps the most cogent reason for the compromise which we are now advocating lies in the Commission's finding that business and military leaders are required to spend millions of dollars on costly remedial education and training programs in basic skills such as reading and writing. The Commission reports, for example, that one-quarter of the Department of the Navy's recent recruits cannot read at the ninth grade level, the minimum needed to understand written safety instructions.

I might also mention, Mr. President, that the National Task Force on Education for Economic Growth, a group of Governors, corporate leaders and other prominent figures, also found that the United States simply must address its educational deficiencies.

Mr. President, as a nation we must understand that we will end up paying in the long run the cost of educational neglect. Education is an investment, not an expense. The key to the strength of our national defense, economy, and political institutions is an educated people.

Our future prosperity hinges in large measure on our competitive edge in international commerce. We have already seen this edge eroded in certain key industries—most notably autos and steel. Now our leadership in the high tech industries—especially computers—is quickly slipping away. We simply cannot expect to compete successfully in the international arena

unless we are willing to make the investment in education which is essential to economic success in the world today.

Likewise, our very security as a free people depends mightily on the quality of American education. Perhaps our best defense is an educated citizenry. In today's high-tech military all of the sophisticated hardware means nothing without educated personnel to operate it. And without an educated American public, the national consensus upon which our dedication to the defense of freedom rests could be severely eroded.

Mr. President, if we are to successfully meet the educational challenges of the future, the Federal Government must continue its effective partnership with the States and local education agencies. We must continue to support important elementary and secondary programs, such as the chapter 1 program which assists economically disadvantaged children, if we hope to address the Commission's concerns.

With respect to higher education, it is essential that there be a real Federal commitment, particularly to those lower- and middle-income students who wish to pursue a higher education. Educational choice has been the cornerstone of American higher education. The system of private and public universities has greatly benefited this Nation. If we do not continue our commitment to higher education and vital student financial assistance programs, we will move toward a situation where only the rich can afford many of the colleges and universities of this country.

Mr. President, the compromise we are considering will add \$1 billion for elementary and secondary education programs and important student financial aid programs such as the Pell grant program and the supplemental educational opportunity grant program. The \$1 billion investment we are making today will be repaid many times over in terms of increased productivity from our citizens and a more secure defense. I urge its adoption. ●

Mr. PERCY. Mr. President, I will support the amendment offered by the distinguished Senator from South Carolina (Mr. HOLLINGS). This amendment, by adding \$1 billion to the fiscal year 1984 first concurrent budget resolution for education programs, addresses a most critical need.

Just a little more than 1 week ago, the National Commission on Excellence in Education, appointed by Secretary of Education Terrel Bell, reported to the Nation on the state of education in this country. The title of their report alone is revealing—"A Nation at Risk: The Imperative for Educational Reform."

Among the Commission's findings: International comparisons of student achievement, completed a decade ago, reveal that on 19 academic tests American students were never first or second and, in comparison with other industrialized nations, were last seven times.

Some 23 million American adults are functionally illiterate by the simplest tests of everyday reading, writing, and comprehension.

About 13 percent of all 17-year-olds in the United States can be considered functionally illiterate. Functional illiteracy among minority youth may run as high as 40 percent.

Average achievement of high school students on most standardized tests is now lower than 26 years ago when Sputnik was launched.

Over half the population of gifted students do not match their tested ability with comparable achievement in school.

The College Board's Scholastic Aptitude Tests (SAT) demonstrate a virtually unbroken decline from 1963 to 1980. Average verbal scores fell over 50 points and average mathematics scores dropped nearly 40 points.

College Board achievement tests also reveal consistent declines in recent years in such subjects as physics and English.

Both the number and proportion of students demonstrating superior achievement on the SAT's—that is, those with scores of 650 or higher—have also dramatically declined.

Many 17-year-olds do not possess the "higher order" intellectual skills we should expect of them. Nearly 40 percent cannot draw inferences from written material; only one-fifth can write a persuasive essay; and only one-third can solve a mathematics problem requiring several steps.

There was a steady decline in science achievement scores of U.S. 17-year-olds as measured by national assessments of science in 1969, 1973, and 1977.

Between 1975 and 1980, remedial mathematics courses in public 4-year colleges increased by 72 percent and now constitute one-quarter of all mathematics courses taught in those institutions.

Average tested achievement of students graduating from college is also lower.

Business and military leaders complain that they are required to spend millions of dollars on costly remedial education and training programs in such basic skills as reading, writing, spelling, and computation. The Department of the Navy, for example, reported to the Commission that one-quarter of its recent recruits cannot read at the ninth grade level, the minimum needed simply to understand written safety instructions. Without remedial work they cannot even begin,

much less complete, the sophisticated training essential in much of the modern military.

Mr. President, the Commission goes on to make several recommendations to improve our education system and I commend the report to all of my colleagues who have not yet had the opportunity to review it.

One thing is absolutely clear from the report—we need to improve the status of education in our country and in order to do so we must keep strong our commitment to education programs at all levels. That is why I support the pending amendment and urge my colleagues to do so as well.

The amendment will add \$1 billion to all education programs, including chapter I for disadvantaged children, Education for All Handicapped Children Act, vocational education, Pell grants, college work study, supplemental educational opportunity grants and the trip programs, among others. The amendment also allows funds for the adoption of the new mathematics and science education initiative, which is currently being considered by the Senate Labor and Human Resources Committee.

Mr. President, these additional funds represent an important investment, an investment in human capital that will reap rewards for years and years to come. It will also signal to other nations that we in America intend to strengthen and improve our educational programs and reverse the decline cited by the Commission on Excellence. For these reasons, I urge my colleagues to join me in voting for the Hollings amendment.

Mr. DOMENICI. I yield back the remainder of my time.

Mr. HOLLINGS. I yield back the remainder of my time.

The PRESIDING OFFICER. The question is on agreeing to the amendment. The yeas and nays have been ordered and the clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. STEVENS. I announce that the Senator from Alabama (Mr. DENTON), the Senator from Oregon (Mr. HATFIELD), the Senator from North Carolina (Mr. HELMS), the Senator from Wisconsin (Mr. KASTEN), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

I further announce that, if present and voting, the Senator from Oregon (Mr. HATFIELD) would vote "yea."

On this vote, the Senator from Maryland (Mr. MATHIAS) is paired with the Senator from Alaska (Mr. MURKOWSKI). If present and voting, the Senator from Maryland would vote "yea" and the Senator from Alaska would vote "nay."

Mr. CRANSTON. I announce that the Senator from Arizona (Mr. DECON-

CINI), the Senator from Illinois (Mr. DIXON), the Senator from Missouri (Mr. EAGLETON), the Senator from Ohio (Mr. GLENN), the Senator from Kentucky (Mr. HUDDLESTON), and the Senator from Massachusetts (Mr. KENNEDY) are necessarily absent.

I further announce that if present and voting, the Senator from Illinois (Mr. DIXON), the Senator from Massachusetts (Mr. KENNEDY), and the Senator from Kentucky (Mr. HUDDLESTON) would each vote "yea."

The PRESIDING OFFICER (Mr. HECHT). Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 55, nays 32, as follows:

[Rollcall Vote No. 78 Leg.]

YEAS—55

Andrews	Exon	Moynihan
Baucus	Ford	Nunn
Bentsen	Hart	Packwood
Biden	Hawkins	Pell
Bingaman	Heflin	Percy
Boren	Heinz	Pressler
Boschwitz	Hollings	Pryor
Bradley	Inouye	Randolph
Bumpers	Jackson	Riegle
Burdick	Jepsen	Sarbanes
Byrd	Johnston	Sasser
Chafee	Lautenberg	Specter
Chiles	Leahy	Stafford
Cochran	Levin	Stennis
Cohen	Long	Tsongas
Cranston	Matsunaga	Weicker
D'Amato	Melcher	Zorinsky
Danforth	Metzenbaum	
Dodd	Mitchell	

NAYS—32

Abdnor	Hatch	Rudman
Armstrong	Hecht	Simpson
Baker	Humphrey	Stevens
Dole	Kassebaum	Symms
Domenici	Laxalt	Thurmond
Durenberger	Lugar	Tower
East	Mattlingly	Tribble
Garn	Nickles	Wallop
Goldwater	Proxmire	Warner
Gorton	Quayle	Wilson
Grassley	Roth	

NOT VOTING—13

DeConcini	Hatfield	Mathias
Denton	Helms	McClure
Dixon	Huddleston	Murkowski
Eagleton	Kasten	
Glenn	Kennedy	

So the amendment (No. 1240) was agreed to.

Mr. HOLLINGS. Mr. President, I move to reconsider the vote by which the amendment was agreed to.

Mr. STAFFORD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

SENATE SCHEDULE

Mr. BYRD. Mr. President, I ask the distinguished majority leader to inform the Senate, as best he can, as to what the program is for the remainder of the day, and to see if there is any possibility of sequencing amendments as we look into Monday.

Mr. BAKER. I thank the minority leader.

Mr. President, the minority leader and I have discussed this unofficially, meaning off the floor—not on the record—and I must say that it appears

that, once again, forces beyond the control of the leadership are sort of dictating the circumstances. It appears that a lot of Senators are going to leave, for fully legitimate and understandable reasons and laudable purposes. Nonetheless, it appears that there is a great danger that nobody will be here pretty soon but me and the minority leader.

I hope we can continue with the present sequence of events today or, in the alternative, that at least we get credit for it. I think if we get a couple of more votes in today, we are going to be flying.

Mr. DOMENICI. Did the Senator say "flying"?

Mr. BAKER. I am afraid that they will fly after that.

Mr. President, answering seriously my friend the minority leader, I hope we can go until midafternoon—say, about 3 p.m.—have a couple of more votes, maybe a Republican and a Democratic vote, alternating them as we are; and at 3 p.m. we might have a little time for general debate, and then go out.

Mr. BYRD. I wonder if the majority leader would be interested in trying to put some amendments in sequence at this point.

Mr. BAKER. I will be glad to do that.

Mr. President, I wonder if I could impose on the chairman of the Budget Committee to meet with his counterpart and make a recommendation in that respect. I would like to sequence amendments if we can.

I might also say that there is some possibility that the chairman of the committee might want to lay down a substitute today, before we go out. I would not expect a vote on that today.

Mr. BYRD. We have some Senators who wish to call up amendments—Mr. NUNN, Mr. BRADLEY, Mr. PRYOR.

Mr. PRYOR. To be called up today?

Mr. BYRD. The majority leader indicated a willingness to have one or two more votes today. He has also indicated, for understandable reasons, that the Senate probably will not operate beyond midafternoon, if that long.

At least, if we could get a sequence built up so that Senators would know that their amendments are going to be called up, I think it would be profitable for the majority leader as well as the managers to know that.

Mr. BAKER. Mr. President, if the minority leader will yield to me, I hope there might be an amendment we can call up now; and while that is being debated, maybe the two managers can work out a sequence for today and Monday.

Mr. BYRD. That would be fine. Mr. Bradley is ready.

Mr. BRADLEY. I am prepared to offer my amendment at any time.

Mr. BAKER. Mr. President, with that suggestion, I will yield the floor, and the two managers can take over. In a few moments, if they will give us their advice on that, I will have a colloquy with the minority leader, to see if he is agreeable as to the future plan.

Mr. DOMENICI. The distinguished Senator from New Jersey has a sense-of-the-Senate proposal. We have not seen it, so I am not yet prepared to say we are ready to proceed.

Senator DANFORTH would like to engage in a colloquy which will take a couple of minutes, while we look at this amendment.

Mr. President, I suggest the absence of a quorum, and I request that the time be charged equally to both sides.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I understand the distinguished Senator from New Jersey, Senator BRADLEY, has an amendment he desires to offer.

The PRESIDING OFFICER. The Senator from New Jersey is recognized.

AMENDMENT 1241

(Purpose: To express the sense of the Congress with respect to world economic recovery)

Mr. BRADLEY. Mr. President, I send an amendment to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The amendment will be stated.

The assistant legislative clerk read as follows:

The Senator from New Jersey (Mr. BRADLEY) proposes an amendment numbered 1241.

Mr. BRADLEY. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

At the end of the concurrent resolution add the following:

SEC. 7. It is the sense of the Congress that—

(1) world economic recovery is being retarded by high United States interest rates and by inconsistent macroeconomic policies among the major developed countries; and

(2) in order to restore economic growth and full employment at the earliest possible date, the President and the Secretary of Treasury, in consultation with their counterparts in the other major industrial countries at the Williamsburg Economic Summit and in followup deliberations, should pursue a coordinated economic expansion to ensure a worldwide economic recovery.

Mr. BRADLEY. Mr. President, the world economy is at a very critical juncture. I rise today to encourage the

administration to take a leadership role at the Williamsburg summit by agreeing to a coordinated economic expansion in order to avert the possibility of economic collapse and to return the world economy to growth and high levels of employment at the earliest possible date.

The worldwide recession has become the dominant political issue in most countries and its effects are now spilling over to international political relations in ways which have not been seen since the 1930's. Increasing protectionism is the most visible sign but the strains are also being felt throughout the international financial system.

The specter of default hangs over the financial system because the developing countries incurred large debts in recent years which, even in normal times, they find it difficult to repay. The private banking system overextended itself in making loans to many developing countries. Now the global recession and increasing protectionism are making it extremely difficult for many of these countries to service their debts and major banks are faced with mounting nonperforming assets. Unless the world economy gets going again, the threat of a financial collapse remains alive.

Unfortunately, most industrial countries are framing their solutions to the global recession in a national context that overlooks the international dimension to the problem. Most industrial countries are still adopting austerity measures to fight yesterday's battle—the battle against inflation. As a result, the world is faced with a "paradox of austerity" similar to the "paradox of the thrift" we all learned about in introductory economics. If everyone is adopting austerity measures, where will the growth stimulus come from? If we continue to pursue these inconsistent macroeconomic policies, we run the risk of a repeat of the tragedy of the 1930's.

The severity and duration of the Great Depression of the 1930's were increased precisely because countries failed to join in an effort to solve problems at a world level. Global recovery will not spontaneously occur. And it will come only slowly, if at all, if we each pursue independent macroeconomic policies. The best, fastest, and perhaps only way out of the current recession is if the major countries collectively agree to a coordinated macroeconomic expansion.

To date, the administration's approach has been for each country to put its own house in order and to ignore the uniquely international dimensions of the economic problems we face. Certainly a recovery in this country will help, but by itself it will not be sufficient. Furthermore, there are great risks in the recovery. Real interest rates in this country are at a

record high level for any post-World War II recovery. In the previous 35 years, when real interest rates hit 5 percent short term or 8 percent long term, as they are now, it was a signal that a period of expansion was coming to an end.

In no previous recovery have we had an overvalued dollar and such depressed economic conditions overseas. The dollar is overvalued by at least 20 percent vis-a-vis the Japanese yen. That means that U.S. producers are at a 20-percent disadvantage when they compete with Japanese firms.

Europe is suffering through its worst recession in the post war period and the forecasts are for sluggish growth and rising unemployment through the first half of 1984. Unemployment in Europe has increased every year since 1973 and it is expected to go almost to 11 percent next year.

The developing countries with rapidly expanding markets had been the major source of growth in recent years, but they have also ceased to grow. The recession in the industrial world has caused primary commodity prices to collapse and, combined with the high interest rates on their overseas debt, many developing countries now have debt-service ratios of greater than 100 percent. That means they have to pay more to service their outstanding debt than they are earning from exporting and consequently those countries have little or no money left over to buy our exports.

In 1982, our exports to the six large developing countries fell by 30 percent. In Mexico alone, the drop in exports was over \$8 billion. Using the rule of thumb that each billion dollars of exports is equivalent to 24,000 jobs in this country, we lost almost 200,000 jobs because of the drop in our exports to Mexico alone.

This highlights an important point: the importance of exports to our economy. Over 22 percent of our final shipments are now exported. One out of five jobs in manufacturing is related to exports and four out of every five new jobs created is in the export sector. However, this process was reversed in the past 2 years. Between the first quarter of 1981 and the fourth quarter of 1982, U.S. exports declined by 19 percent in real terms. During that same period real GNP contracted by 2.2 percent. It has been estimated that three-quarters of this decline in growth was due to the deterioration in our international trade position and that the deterioration has added over 2 percentage points to our unemployment rate or over 2 million workers.

A global recovery and expansion could reverse those figures but only if most countries are expanding. Unfortunately, the OECD currently forecasts that recovery will be weak where

it occurs and that most countries will continue to slump.

The final risk in the recovery is the international debt crisis. Some observers have become complacent after the first round of debt reschedulings most notably for Mexico, Brazil, and Argentina. Their complacency, however, is based upon optimistic growth forecasts for the industrial world. If those forecasts prove inaccurate, well-qualified observers, such as Rimmer de Vries of Morgan Guaranty have cautioned that more reschedulings will be needed and the risk of financial collapse looms larger.

The recovery could be aborted even if a collapse did not occur. For example, if it becomes widely perceived that a collapse is likely, interest rates on new extensions of credit will rise and, in a tiering effect the recovery would be choked off.

Even with recovery, problems lie ahead unless it is a rapid recovery, because it is likely that new extensions of credit of as much as \$3 billion will be necessary for Brazil by the end of the summer. In an expanding world economy, such an extension would not be a cause for concern, but in the current uncertain environment, such extensions are more difficult to accomplish. Confidence is a scarce commodity in the world today.

The world economy is suffering from a paralysis of policy. What is more, the policies being pursued in many countries are counterproductive when they collide on a global level. With most major industrial economies pursuing austere macroeconomic policies and with the IMF imposing austere conditions on debt-ridden developing countries, we are faced with a "paradox of austerity." Where will the growth stimulus come from?

The slow and uncertain recovery in the United States will not be sufficient to pull the world economy out of this recession. A coordinated expansion is needed. Such an expansion was advocated last fall by 26 economists from 14 different countries in a document entitled "Promoting World Recovery" released under the auspices of the Institute for International Economics here. The head of the institute, Fred Bergsten, and Nobel Laureate Larry Klein of the University of Pennsylvania spelled out the form of such a coordinated expansion and estimated its impact in the April 23 issue of *The Economist*.

Their proposal for promoting worldwide recovery stressed three central themes: First, the adoption of new expansionary measures by five of the major countries—the United States, Japan, West Germany, the United Kingdom, Canada—and some of the smaller nations in a position to do so, in the light of their sharp reductions in inflation and viable external positions; second, tailoring of these meas-

ures to minimize the risk of rekindling inflationary concerns; and third, international coordination among the national measures, both in their thrust and in policy composition.

The most important policy step is to reduce interest rates by at least 2 percentage points in this country. This requires large cuts in the outyear budget deficits which we are attempting to do here, and the maintenance of substantial growth in the money supply for a further temporary period before dropping back to lower rates for the longer run. Other countries should then match our interest rate cuts, fully or partially.

On fiscal policy, Japan, West Germany, and the United Kingdom are all in a position to expand. In Germany and Japan, this is possible because of high savings rates and the large cyclical component of their current budget deficits. In Britain, fiscal reexpansion would be a reaction to the excessive tightening which occurred during 1980-82.

Bergsten and Klein estimated the impact of such a program using Project LINK, a model of the world economy maintained at the University of Pennsylvania which provides a consistently interrelated system of existing macroeconomic models from 18 OECD countries, eight centrally planned economies and four regional groupings of developing countries.

The specific American policy changes they assumed included a reduction of almost \$100 billion in the budget deficit by 1986 and growth of M_1 through 1983 at the pace of the last 6 months, dropping to 5-6 percent thereafter. The resulting decline of 2 percentage points in U.S. short-term interest rates is matched by Britain's and Canada's, with rates in other OECD countries dropping by smaller amounts. They assumed a fiscal expansion in Japan, Germany, and Britain equal to 2½ percent of present real Government spending.

If these changes were made, the level of economic activity in 1986 would rise from where it would otherwise be, by 2½ to 3 percent in the United States and Germany; by 1½ to 2 percent in Canada, Japan, and Italy; and by one-half to 2 percent in France and Britain.

Unemployment rates would drop sharply over the 3-year period in this country—1.7 percentage points, or about 2 million workers—and significantly in most of the other countries as well.

Annual growth rates would rise by one-half to 1 percent in most of the major countries in most years up to 1986. Overall OECD growth is pushed above 3 percent, about the maximum one could envisage without policy changes—a critical threshold in terms of reducing unemployment and stimu-

lating enough trade expansion to handle the debt and protection problems. About 60 percent of the impetus comes from the reduction in interest rates, about 40 percent from the direct impact of fiscal expansion.

Moreover, world trade is stimulated substantially more than OECD growth—over twice as much during 1983-85. This provides an important spur to exports from the developing countries, enabling them to expand their foreign exchange earnings and thus become better able to service their debt. The decline in interest rates reduces the cost of their debt service, so the program should help considerably to limit the risk of renewed financial crises.

Although models and forecasts are subject to margins of error, the direction of change—higher growth and employment and expanded trade—is certain. Working together in a consistent fashion to expand individual national economies would produce results superior to inaction because the recession and the debt problems we face are fundamentally international problems.

Although it has taken the administration 2 years to understand the error of their ways, maybe a change is at hand. Speaking at the annual meeting of the Asian Development Bank this week, Secretary Regan said:

No single nation can be the engine for world recovery. To the contrary, the current economic situation requires that all industrialized nations work together (to) . . . the common goal of solid non-inflationary economic expansion.

Furthermore, Secretary Regan seems to have come around to agree that unemployment is now the No. 1 priority:

The inflationary fires that were troubling us so much at Ottawa (the site of the 1981 summit) and Versailles (1982) seem to have subsided, now the problem facing not only the industrialized, indeed most nations of the world, . . . (is) high employment . . . it is something that we all have to come to grips with.

And yet, I am troubled by the less cooperative attitude expressed in other quarters of the administration. Apparently "working together" means different things to different people. According to preparatory documents for the summit, the U.S. objective on economic policy is to reach an agreement that world economic recovery depends on each country establishing the domestic conditions for sustainable, noninflationary growth, not on an international blueprint of expansionary action.

Such an approach sounds reminiscent of the monetarist ideology that the administration has been preaching in international meetings over the past 2 years. The time for ideology has passed. There are no simple answers. The world economy is foundering. Although the United States can no

longer lead the world out of the recession on its own, we can take a leadership position at Williamsburg and agree to a coordinated expansion.

Collectively, through consultation, cooperation and coordination, high rates of economic growth and employment can be restored to the world economy. But this will require the major countries to pull together as never before and this cannot be done without U.S. acceptance of the need to pursue a coordinated expansion.

This is what Helmut Schmidt has called the inevitable need for American leadership in a recent article on global economic problems. He called for cooperative, multilateral expansion because the experience of France in the past 2 years shows the difficulty of trying to expand unilaterally in a depressed world economy.

The dilemma is that everyone is looking to everyone else to expand, but all other countries are looking to us to take the lead. That is why, I urge the Senate to pass this amendment.

Mr. President, I ask unanimous consent to have printed in the RECORD the article by C. Fred Bergsten and Lawrence R. Klein.

There being no objection, the article was ordered to be printed in the RECORD, as follows:

[From the Economist, Apr. 23, 1983]

THE NEED FOR A GLOBAL STRATEGY

(By C. Fred Bergsten and Lawrence R. Klein)

Four major problems continue to bedevil the world economy. Unemployment remains at record postwar levels and will decline very slowly even under the most optimistic of current recovery scenarios. The international debt crisis still looms over both the world's banking system and the recovery itself. The world trading system continues to erode under a proliferation of new import barriers and export subsidies. Severe exchange-rate misalignments persist, distorting economic structures and fostering protectionist pressures particularly in the United States.

In this sense, little has changed since Helmut Schmidt wrote so forcefully in *The Economist* on February 26th. There has been absolutely no response to his call for "a joint economic policy offensive" among the major countries or an assertion of American leadership to avoid the "great danger . . . of slid[ing] into a long depression."

Indeed, there seems even less inclination now than earlier to pursue such prescriptions. The modest signs of upturn in America, West Germany and Britain have apparently shunted to the sidelines most initiatives for new national measures to assure recovery, let alone a coordinated international approach. The success of the emergency measures taken to cope with the first wave of the debt crisis seems to have fostered confidence that the worst is behind us on this account. All governments seem reconciled to, if not enthusiastic about, their ad hoc approach to each successive trade problem (though each chips away a bit more at the open regime of the past). And America's government, through Mr. Martin Feldstein, has now proclaimed that substantial dollar

overvaluation, the most extreme of the currency problems, is desirable under current circumstances and may remain with us "for several years to come."

WHY THE MALAISE?

There are four possible explanations for this state of affairs. One is that officials throughout the world genuinely believe that a sustained recovery will ensue on the basis of present circumstances and policies. The decline in the world price of oil, which might yet have some way to go, will certainly help. So for most of the world will the deterioration in the current balance of payments of the United States and the oil exporters, which taken together will approach a cumulative \$150 billion between 1981 and 1983.

This view might be right, but the odds are heavily against it. Real interest rates remain quite high throughout the world and seem likely to stay there so long as American budget deficits continue to be large. It is extremely difficult to envisage a substantial recovery in private investment, and hence a sustainable recovery, in such circumstances. Even a pick-up in consumer demand will be sharply constrained by the high cost of credit. High interest rates will maintain heavy pressure on debtor countries and firms, and could sustain the currency misalignments for some time. There will be an inventory correction and a rebound from the depths of late 1982, to be sure, but it is quite a gamble to extrapolate from there to a recovery which is strong enough to reduce unemployment significantly and provide a basis for resolving the problems of debt and protectionism.

A second explanation is that authorities actually prefer a slow recovery, on the view that it might prove more sustainable and less likely to reignite inflation, to the more rapid expansion typical of post-recessionary periods.

Again, such a view is understandable, but the risks are also acute. Growth of 3 percent or less would not even dent unemployment levels, and the problems of political stability suggested by both Mr. Henry Kissinger and the recent riots in Sao Paulo could be quickly upon us. The protectionism or debt crises might explode into trade wars or a wave of repudiations. Moreover, such events—or even the fact that the languid pace might stall out before achieving lasting momentum—could bring on the third leg of a "triple dip recession" or even the world depression feared by Helmut Schmidt.

Third, there is a tendency throughout the world to rely heavily on recovery in the United States to lift everyone back to (at least modest) prosperity. Unfortunately, such a strategy is unlikely to work. In 1977-78, even a vigorous American recovery failed to impart significant growth to others. In the best of times, a 5 percent expansion of the American economy generates only a 1 percent increase in the rest of the OECD. And there are reasons to doubt the strength and perhaps even the sustainability of America's present recovery. One particular problem is the likely rise in the current overseas deficit in 1983 to at least \$40 billion, three times the previous record. In addition to dampening the recovery, this will bring the strong possibility of new protectionist measures and limit still further this source of stimulus to the rest of the world.

Fourth, authorities may take the view that there is nothing they can do anyway. Monetary policy has allegedly been immobilized; either increases or decreases in the

growth of the monetary aggregates are said to be likely to push interest rates upward. Everybody has "large" budget deficits; further fiscal stimulus is thus "impossible", but substantial cuts in those deficits would also be unwise because they would jeopardise the recovery. Income policies have been "discredited". National pressures are said to be too great to permit new trade or currency initiatives at the international level.

Concern over these constraints is understandable, but it would be quite wrong to draw the conclusion that nothing can be done. Indeed, the effective crisis responses of the past eight months show once more that answers do exist to major problems confronting the world economy and that governments can move together to resolve them. The more ambitious efforts of earlier times, such as those adopted at the Bonn summit in 1978, support the same view.

AN ALTERNATIVE PROPOSED

In late 1982, the Institute for International Economics in Washington published a statement by 26 leading economists from 14 countries, outlining a programme which could provide an effective response to current needs. The group included the authors, economists from different schools of thought such as Mr Rimmer de Vries of Morgan Guaranty and Mr Lester Thurow of MIT, and former cabinet ministers such as Mr Karl Schiller from Germany, Mr Saburo Okita from Japan and Mr Mario Simonsen from Brazil. Its report laid out a detailed programme, quite similar to the proposals made by Chancellor Schmidt in The Economist, through which the major industrial countries, working together, could ensure a sustainable world recovery and resolve the global problems of debt, protection and currency misalignments.

These proposals stressed three central themes: (a) the adoption of New expansionary measures by five of the major countries (the United States, Japan, West Germany, the United Kingdom, Canada) and some of the smaller nations in a position to do so, in the light of their sharp reductions in inflation and viable external positions; (b) tailoring of these measures to minimise the risk of rekindling inflationary concerns; and (c) international co-ordination among the national measures, both in their thrust and in policy composition. Such a strategy remains at least equally relevant today.

The most important policy step is to reduce interest rates by at least two percentage points in the United States. This would require large cuts in the outyear budget deficits, and the maintenance of substantial growth in the money supply for a further temporary period before dropping back to lower rates for the longer run. Other countries should then match the American interest rate cuts, fully or partially.

As regards fiscal policy, Japan, West Germany and the United Kingdom are all in a position to expand. In Germany and Japan, this is possible because of high savings rates and the large cyclical component of their current budget deficits. In Britain, fiscal expansion would be a reaction to the excessive tightening which occurred during 1980-82.

The quantitative impact of such a programme has been estimated through Project LINK, a model of the world economy maintained at the University of Pennsylvania which provides a consistently interrelated system of existing macroeconomic models from 18 OECD countries, eight centrally planned economies and four regional groupings of developing countries. The spe-

cific American policy changes include a reduction of almost \$100 billion in the budget deficit by 1986 and growth of M₁ through 1983 at the pace of the last six months, dropping to 5-6 percent thereafter. The resulting decline of two percentage points in America's short-term interest rates is matched by Britain's and Canada's, with rates in other OECD countries dropping by smaller amounts. The required fiscal expansion in Japan, Germany and Britain is equal to 2½ percent of present real government spending.

ESTIMATED IMPACT OF CONCERTED EXPANSION PROGRAMME

(In percentage points)

	1983	1984	1985	1986
Increase in levels of real GNP:				
United States	0.5	1.3	2.0	2.8
EEC	0.8	1.4	1.5	1.7
Japan	0.9	1.3	1.5	1.8
18 OECD countries	0.5	1.0	1.4	1.8
Reductions in the rate of unemployment:				
Canada	0.1	0.6	0.9	1.0
West Germany	0.4	0.5	0.5	0.8
Japan	0.1	0.1	0.1	0.1
United Kingdom	1.2	0.4	0.1	0
United States	0.1	0.5	1.0	1.7
Changes in the rate of inflation (private consumption deflator):				
United States	-0.2	-0.6	-0.4	0
EEC	-0.1	0.1	-0.1	0.2
Japan	0.2	0.4	0.5	0
18 OECD countries	-0.2	-0.2	0	0.2
Increase in level of world trade	1.1	2.0	2.6	3.0

Source: Project LINK, University of Pennsylvania. All impact estimates represent changes from LINK base forecast.

The result would be to raise the level of economic activity by 1986, from where it would otherwise be, by 2½-3 percent in the United States and Germany; by 1½-2 percent in Canada, Japan, and Italy; and by ½-1 percent in France and Britain. In the first year of the programme, Germany and Britain would receive the largest boost; the gains would be roughly similar among the seven summit countries in the second year, with the major impetus in North America coming in 1985-86. As a result of the programme, the model suggests that unemployment rates would drop sharply over the three-year period in the United States (1.7 percentage points, or about 2m workers) and Canada, very rapidly in 1983 in the United Kingdom (1.2 points), and significantly in most of the other countries as well—although the heavy structural component of unemployment limits the gains in most of continental Europe, excepting West Germany where the rate should fall by almost a full 1 percent.

The model suggests that annual growth rates would rise by ½-1 percent in most of the major countries in most years to 1986. Overall OECD growth is pushed above 3 percent, about the maximum one could envisage without policy changes—a critical threshold in terms of reducing unemployment and stimulating enough trade expansion to handle the debt and protection problems. About 60 percent of the impetus comes from the reduction in interest rates, about 40 percent from the direct impact of fiscal expansion.

Moreover, as usual, world trade is stimulated substantially more than OECD growth—over twice as much during 1983-85. This provides an important spur to exports from the developing countries, enabling them to expand their foreign-exchange earnings and thus become better able to service their debt. The decline in interest rates reduces the cost of their debt service,

so the programme should help considerably to limit the risk of renewed financial crises.

Similarly, the trade pick-up would help to counter protectionism by providing more rapidly growing markets for all nations, thereby limiting pressures to restrain imports. So of course would faster growth and lower levels of unemployment. And the changes in the direction and mix of policies in the key countries would push exchange rates in the desired direction, reducing the pressures to restrict trade in countries with overvalued currencies (notably the United States).

We estimate that these gains can be achieved without rekindling inflation. Neither consumer price indexes nor gnp deflators change noticeably as a result of the package. The group's specific policy proposals were designed to secure such a result; a one-shot growth in the money supply followed by a return to lower rates of expansion, "front-end loading" of fiscal increases with offsetting receipts coming later, raising government spending via one-shot public infrastructure investments rather than larger transfer payments (which are hard to cut back in the future). But the result derives largely from the underlying macroeconomic situation: the continuing high levels of unemployment and capacity underutilisation should preserve continuing wage moderation, while a pick-up in output generates cyclical productivity gains.

Such a new global macroeconomic strategy would improve the prospects for resolving the distinctly international aspects of the current situation. However, it alone would not be sufficient. New forms of co-operation will be needed to avoid the periodic onset of severe currency misalignments, perhaps through the adoption of a "target zone" system under which countries continuously monitor the course of exchange rates against agreed norms which mirror underlying competitive conditions and take policy steps as needed to keep rates from diverging too far from these norms.

The history of trade policy reveals that it proceeds very much like a bicycle, falling over in the face of protectionist pressures unless it is moving forward toward further liberalisation. This suggests that a major new "round" will be needed for the 1980s just as the Kennedy and Tokyo rounds helped preserve the system against seemingly intractable forces in the 1960s and 1970s.

The financial crisis may not finally yield without a major restructuring of the outstanding debt. Our public international institutions, the World Bank as well as the IMF, will probably need to play proportionately larger roles to compensate for the presumed cutback in the growth of private bank loans in financing future Idc current account deficits. And Helmut Schmidt may be right in asking for an international commodity agreement to stabilise the world price of oil.

THE IMPERATIVE OF CO-ORDINATION

The linchpin of this entire effort, however, is co-ordination among the major industrial countries. Recent history suggests that no country is now able to expand alone in a stagnant world economy: even the United States was unable to do so in 1977-78, let alone France in 1981 or Mexico in 1982. History also suggests that co-ordination could help avoid excessive policy responses, like the inflationary blow-off of the early 1970s and the deep recent recession. The wait for autonomous market forces to promote lasting expansion has been shown to be ex-

tremely risky—witness the dashed hopes in many countries in 1978 and virtually everywhere in 1980.

The policy paralysis is likely to be broken in some countries only if they see prospects for similar movement elsewhere. Otherwise they must fear that their own efforts will mainly produce a deteriorating trade balance and currency. Confidence, which may be the key ingredient most lacking in the present recovery, could be greatly enhanced if there were a sense of firm and effective global response to the problems of the day. It is much more likely that the debt, trade, exchange-rate and other "purely international" problems will be set right if they are addressed in the context of a coordinated response to global growth and macroeconomic needs—rather than left in cubbyholes assigned to national bureaucracies and international organizations with narrow mandates, and susceptible to the nationalistic pressures which always flourish in the absence of a clear lead from the authorities to see local problems in an unwieldy, but essential, global framework.

A summit meeting is a natural event through which to devise and launch such a programme, as has actually happened once or twice in the past. Unfortunately, there is no evidence that the Williamsburg seven are even contemplating such an approach next month. The gap between need and likely performance promises to be greater at this summit than ever before. It can only be hoped that the lead of Helmut Schmidt and others who counsel such a course will be followed before it becomes too late.

Mr. BRADLEY. Mr. President, this is an amendment which calls for coordinated economic expansion internationally.

We are in a very serious downturn in our economy. We have, in essence, been in a 4-year recession. There are many causes of that recession, some long term, some shorter term. But the result has been a dramatic increase in unemployment in the United States and worldwide.

If we were to look at what in normal economic cycles would be termed the possible engines of recovery, each of those possible engines of recovery have to be considered somewhat questionable in our present economic climate.

If one would look at capital spending as an engine to pull us out of the recession, it is unlikely that capital spending is going to do that job, given the present underutilization of our plant and capacity, our present unemployment rate, and our present excessively high real interest rate.

Then one turns to the possibility of Government spending pulling us out of this recession. Clearly with \$200 billion budget deficits, we are not going to be able to stimulate our economy with further Government spending so that that alone would pull us out of the recession.

Third, one looks at exports as a possible vehicle and yet in our present economic circumstance, our dollar is roughly 20 percent overvalued against major currencies in the world and that overvaluation of the dollar makes our

goods that much more expensive abroad and foreign goods that much cheaper in America, leading to what is projected to be a \$70 billion trade deficit in this year.

That leaves consumer spending, which has traditionally been the engine of growth. It is unlikely that consumer spending is going to do the full job. While inflation has dropped and interest rates have come down, that has had the potential of having a perverse effect on consumer spending because there are now people out there who are seeing the prices drop and saying, "next year maybe the washing machine will be that much cheaper and, therefore, I will withhold my expenditure."

So, Mr. President, if we look at those four normal sources of economic recovery, capital spending, Government spending, exports, and consumer spending, and each one of them is problematical, then one clearly has to go across the bridge to the other side where monetary policy plays a dominant role. Therefore, the key to any recovery is a continued downward trend in interest rates; interest rates which have in the last 2 years been contradictory to fiscal policy; interest rates which have in this country been highly restrictive, working against the highly stimulative fiscal policy, and in large part producing the situation that now confronts us.

So that the first part of any recovery has to come from the monetary side.

Mr. President, if we have learned anything in the last few years, it is that we are a part of an international economy. We receive calls for protectionism in this country, we receive very serious pleas from those who have lost their jobs, and they diagnose as the problem trade restrictions when, in fact, the problem is the overvalued dollar.

So every day we are reminded of the degree to which we are a part of that international economy. When there is a currency misalignment, when one country is pursuing a very tight monetary policy and another country a very loose monetary policy, then clearly there are trade effects to that mismatch. One country's goods have a significantly greater price advantage over another country's goods, and yet at the same time there is the potential of having to buy a lot more inflation for that price competitiveness.

So, Mr. President, what this resolution calls for are the following two things. It says: First, "World economic recovery is being retarded by high United States interest rates and by inconsistent macroeconomic policies among the major developed countries." One country is restrictive, another country is expansionary, and there is no coordinated approach.

The second thing the resolution says is that: "In order to restore economic growth and full employment at the earliest possible date the President and the Secretary of the Treasury, in consultation with their counterparts in other major industrial countries at the Williamsburg economic summit and in follow-up deliberations, should pursue a coordinated economic expansion to ensure a worldwide recovery."

So, Mr. President, the first part recognizes the need for countries to harmonize their economic policies and the threat that high interest rates represent to economic recovery. The second part of the resolution recognizes that no one country can do it alone. Even the United States cannot, by its own domestic economic policies, solve the problems of slumping economies throughout the world, and likewise if there are stagnant economies among our trading partners, then we cannot begin to approach the level of recovery that we all hope for, and that requires we follow, with our allies, a coordinated economic expansion.

We had a good case in point in the last 2 years. While we in this country were pursuing a very tight monetary policy and a very stimulative fiscal policy, there was a government in France that took power and decided that they could put their unemployed workers back to work by following an expansionary policy. Clearly they could not. They could not pull their economy out of a very deep recession while we were retarding and restricting our economy, and that is the way it works.

So, Mr. President, what we are suggesting in this resolution is that the President and the Secretary of the Treasury should use the occasion of the Williamsburg summit conference to call upon our allies to follow an expansionary policy to insure economic recovery.

Mr. President, it is not so often that we have the opportunity to get together in one room with the economic powers of the world. The summit conferences which were begun in the early 1970's were established for that purpose. They have not always worked that way. They frequently represent nothing more than a photo opportunity for the participants at some time immediately prior to an election to demonstrate that that person, that statesman, is indeed respected worldwide for his opinions on international economic policy.

But this particular conference I view as a very important meeting because the world economy is indeed under siege from high unemployment worldwide, not just in this country but in Germany, in France, even in Japan. It is also battered by an international debt crisis that could become worse unless we have that coordinated eco-

conomic expansion, an international debt crisis that could indeed bankrupt not only various important newly industrializing countries such as Brazil and Mexico, but in turn our own financial institutions which would then result in much fewer jobs and less credit for the working person in America.

That international system is also threatened by protectionist pressures and, finally, severe exchange rate misalignments.

Mr. President, I believe that the reason we have had the degree of economic recovery as we have to date is due in large part because about last August when the Chairman of the Federal Reserve Board looked at our country and saw extremely high unemployment he also looked out at a world that was on the brink of financial collapse. He realized at that moment that he was not only the arbiter of internal demand in this country, but that he was the lender of last resort for a world economy. Therefore, given the comparative risks that a more expansionary monetary policy posed, the risk being a slight blip up of inflation against the risk of continuing to restrict that monetary policy, the risk being a dramatic dropoff in world trade, the blip being a rise in interest rates, he chose to opt for stimulating our economy and pulling us back from the brink of that very serious decline.

Interest rates have to continue on a downward path. They will be much more effective if interest rates in other countries also are coordinated with ours so that we get a coordinated economic expansion.

Mr. President, that is what this resolution calls for. It calls upon the President and the Secretary of the Treasury to use the occasion of the upcoming Williamsburg summit conference to do what most all economists know has to be done.

Mr. President, I hope the Senate will adopt the resolution and we might send a clear message that we not only need a bipartisan economic policy but we need a coordinated international economic policy dedicated to the goal of stable growth and full employment, recognizing that we cannot attain that goal alone if other countries are operating against our interests, against our policies, nor should we be able or can we expect to have that level of economic growth without their cooperation.

I am prepared to yield the floor.

Mr. DOMENICI. Mr. President, I rise to ask the Senate not to burden down this budget resolution with this sense-of-the-Senate language.

Just as the Banking Committee here in the U.S. Senate quite appropriately presumes that relevant statements regarding monetary policy are within their jurisdiction, the Foreign Relations Committee quite appropriately

perceives this kind of resolution to be within their jurisdiction, and I quite agree with them.

I do not really want to argue the facts. The distinguished Senator from New Jersey has spent a lot of time on this issue and has delivered a rather lengthy statement here today indicating what the United States ought to do at Williamsburg in terms of international coordination of economic policies.

I am not sure that he is right; I am not sure that he is wrong. But I would hope that the Senate would attach this language to a budget resolution. One body passing such language makes it rather inconclusive. We have plenty of work to do with reference to matters at hand and certainly with reference to fiscal policy issues in this budget resolution.

I know the Senator understands that this is in no way intended in derogation of his contention or his right, but as soon as I have enough Senators on the floor I am going to move to table. I am not going to do that until we have yielded back our time because I have no such right. But I would say I am prepared to yield my time back and move to table. Senator DOLE is here; perhaps he would like to say a few things on this subject.

Mr. STENNIS. Will the Senator yield me 2 minutes?

Mr. DOMENICI. I am pleased to yield to my good friend.

Mr. STENNIS. Mr. President, my judgment is we do not have a man in this body who is more capable of doing more worthy work and making sound conclusions in the field in which the Senator from New Jersey has spoken. He could make a contribution most anywhere he chooses.

But I feel the budget resolution, if we use it as a vehicle for all kinds of resolves and so forth, we are firming the criticism that is made, not of the Members but of the system, that we are snuffing the life out of our regular committees in the Senate.

I have found that a Senate that has a good staff and has Members that have been serving on a committee of the Senate year after year, some of them become very well versed indeed in these subject matters. And there is a new feed in all the time of new Members coming in and some of them picking it up and they come out here with a recommendation that has strengthened it and can be defended and put over, so to speak.

But, anyone, whether it be the Senator from New Jersey or anyone else, should have the united support of any staff work along the lines of the subject matter. I just believe it would most likely be dropped in conference and there will not be a chance to get at it. I believe it would be a far better policy if we could leave these to the regular committees and continue

straight on the things that have to be decided.

Again, I emphasize my respect for the Senator from New Jersey in his capacity in any field that he works in.

Mr. DOMENICI. Mr. President, I thank the distinguished Senator from Mississippi. I feel exactly as he does, both about what we ought to do here and, prior to his coming to the floor, I clearly indicated my great respect for the Senator from New Jersey.

But I really think we have so many other actions to consider that clearly go to the heart of the substance of the budget issue. I note there is a free-standing resolution pending before the Senate on this subject that the chairman of the Foreign Relations Committee has introduced with many, many cosponsors.

How much time does the Senator from New Jersey desire before I move to table?

Mr. BRADLEY. I think I would be able to finish in 5 to 10 minutes.

Mr. DOMENICI. I thank the Senator.

Mr. BRADLEY. Mr. President, I think that it is very appropriate that this resolution appear in the budget debate. Because we are spending a great deal of effort talking about how much the deficit will be reduced, we are making assumptions about interest rates and unemployment and economic growth and we pretend in this process as if we are operating in a vacuum.

This country is no longer a closed economy. It is an open economy. Indeed, actions that we take in this body the next few days affect the prospects for employment, inflation, growth in Japan, Germany, around the world, just as actions that they take in their national legislatures affect interest rates in New Jersey, New Mexico, Maryland, and the country as a whole.

So, Mr. President, this is the appropriate place to address this issue. In fact, this is the only place that you can appropriately address an issue that involves budget policy, monetary policy, and international economic policy. Just so there should be no misunderstanding about this resolution, this, I think, should be a bipartisan resolution.

I would like to quote what Secretary Regan said at the annual meeting of the Asian Development Bank this week. He said:

No single nation can be the engine for world recovery. To the contrary, the current economic situation requires that all industrialized nations work together (to) . . . the common goal of solid non-inflationary economic expansion.

And he goes on to, I think, finally recognize that unemployment is the No. 1 priority. He says:

The inflationary fires that were troubling us so much at Ottawa (the site of the 1981 summit) and Versailles (1982) seem to have

subsided," now the problem facing not only the industrialized, indeed most nations of the world, . . . (is) high unemployment . . . it is something that we all have to come to grips with.

Mr. President, this resolution simply gives substance to the words of the Secretary of the Treasury, gives substance to the pleadings and hopes of the Democratic side that we could follow an expansionary policy with lower interest rates in this country, and recognizes that unless that is coordinated with our allies around the world, it could be self-defeating and we might not get that economic expansion that we all think we can with lower interest rates.

So, Mr. President, that is the thrust of the argument. I am prepared to yield to the Senator from Maryland for a brief comment and then I am prepared to yield back the remainder of my time.

Mr. SARBANES. Mr. President, I rise in strong support of the resolution. I commend the distinguished Senator from New Jersey for offering it.

I agree with him completely, that this is absolutely the right place in which to consider such a resolution, since all the figures we are looking at here as we deal with the budget resolution, as they relate to assumptions in terms of economic growth, as they relate to deficits, as they relate to interest rates, are all part of a broader perspective to which this resolution is addressed.

The substance of the resolution, it seems to me, makes eminent good sense. Inconsistent macroeconomic policies among the major industrial countries puts us at cross purposes with one another. One of the very purposes of the summit at Williamsburg, and comparable summits which have been held annually, is, in fact, to work toward coordinated macroeconomic policies.

Clearly, the President and the Secretary of the Treasury must work with their counterparts from the other major industrial countries to develop a coordinated approach to economic expansion if we are going to have worldwide economic recovery.

To proceed as we have been proceeding, along different paths, cross paths in some instances, in which we cancel out one another's initiatives makes no sense at all.

I commend the Senator for offering the resolution. Obviously, every number that we are looking at in the budget resolution is and will be affected by our success in achieving a coordinated economic worldwide policy.

With the Williamsburg summit coming up very shortly, I think this is a very important expression of the sense of the Congress as to the importance of this subject matter. I hope the amendment will be agreed to.

Mr. PERCY. Mr. President, I rise to support the motion to table the amendment of the distinguished Senator from New Jersey (Mr. BRADLEY).

I do so not because I disagree with the sentiments he has expressed here, but because I do not feel that the budget resolution is an appropriate vehicle on which to tack this important matter of the Williamsburg summit.

After all, it was just this morning that a group of us joined together to introduce a resolution very similar to the amendment now being offered by the Senator from New Jersey.

I am the sponsor of that resolution (S. Res. 135) and the chairman of the Budget Committee is a cosponsor. The Senator from New Jersey, Mr. BRADLEY, is also a cosponsor. In all, 10 of us introduced this resolution today and I know the Senate will want to turn to it in the next few weeks before the Williamsburg summit begins.

I am somewhat surprised that the Senator from New Jersey has raised this issue on the budget resolution. It was the first of this week that he agreed to join me in introducing Senate Resolution 135. He is an avid student of international economics and has a strong interest in this subject of currency alignments. Yet he knew we were pursuing this independent resolution in the Senate this week.

So I am a bit perplexed as to why he would raise it in this context today.

In any case, I will support the motion to table because we will proceed with Senate Resolution 135 as we would with any Senate resolution, in an independent fashion where we have time to focus on the issues of dollar and yen misalignments and the items that will be discussed at Williamsburg at the end of this month.

For the record, Mr. President, I ask unanimous consent that the letter I am circulating with Senator DOMENICI, Senator BRADLEY and our other cosponsors be included in the RECORD.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

U.S. SENATE,
COMMITTEE ON FOREIGN RELATIONS,
Washington, D.C., May 6, 1983.

DEAR COLLEAGUE: Today we introduced S. Res. 135, which calls on the administration to discuss the dollar/yen relationship and other currency alignments at the upcoming Williamsburg Summit. We hope you will join us as a cosponsor.

The continuing overvaluation of the U.S. dollar against the currencies of our major trading partners, most notably Japan, has remained a major American trade problem too long. Since the late 1970's, the U.S. dollar has appreciated roughly 30 percent against major currencies, despite our markedly higher inflation. U.S. products have become much too costly overseas, and foreign products unduly inexpensive in the U.S. market. High U.S. interest rates, fed by large U.S. budget deficits, contrast with low rates abroad and will keep the dollar overvalued for the foreseeable future.

Persistence of this problem will cause prolonged deterioration in U.S. competitiveness, cost us hundreds of thousands of U.S. jobs, and damage severely American localities and enterprises that depend heavily on exports. It is also a key stimulant to protectionist trade policies and legislation. Delay is costly indeed because the adverse competitive consequences of these misalignments may persist for up to two years after the problem is corrected.

Specialists may not agree on the extent of misalignments, the best mix of measures, or the division of country responsibility for resolving them. However, the unique opportunity at present is the official interest in Japan and Europe in taking steps to alleviate the problem.

Our resolution urges the administration to take the initiative to make currency discussions a priority U.S. objective at the Williamsburg Summit in late May. A statement by summit participants of their intention to coordinate economic policies more closely with the dual aims of reducing international interest rate and exchange rate discrepancies, and of hastening a sound, sustainable recovery in world trade and economic activity would be a major step forward. If, in addition, participants announced plans to have their finance ministers and our Treasury Secretary meet at an early date to begin that process, it would build supporting expectations in the money and currency markets. In light of the apparent desire of our European and Japanese colleagues to address these topics, our failure to respond cooperatively would send the wrong signals.

Our resolution is supported by a number of organizations and companies, including: National Association of Manufacturers, Business Roundtable, National Motor Vehicle Manufacturers Association, President's Export Council, Emergency Committee for American Trade and the National Machine Tool Builders Association.

If you would like to cosponsor this resolution, please have a member of your staff contact Erland Heginbotham on extension 4-4194 or Bill Banis at 4-2152 as soon as possible.

Sincerely,

Charles H. Percy, John C. Danforth,
John H. Chafee, Pete V. Domenici,
John Heinz, Mack Mattingly, Bill
Bradley, Alan J. Dixon, Christopher J.
Dodd, and Carl Levin.

Mr. BRADLEY. Mr. President, I am prepared to yield back the remainder of my time on the resolution if the Senator from New Mexico is prepared to yield back the remainder of his time.

Mr. President, I ask unanimous consent that the Senators HOLLINGS, SARBANES, and MITCHELL be added as cosponsors.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, I suggest the absence of a quorum with the time to be charged against my time.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The legislative clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. If the Senator from New Jersey is prepared to yield back his time, I am prepared to yield mine.

Mr. BRADLEY. I yield back the remainder of my time.

Mr. DOMENICI. I move to table the amendment and I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There is a sufficient second.

The yeas and nays were ordered.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from New Mexico. The yeas and nays have been ordered and the clerk will call the roll.

The legislative clerk called the roll.

Mr. HEINZ (when his name was called). On this vote I have a pair with the distinguished Senator from Massachusetts (Mr. KENNEDY). If he were present and voting, he would vote "nay." If I were at liberty to vote, I would vote "aye." Therefore, I withhold my vote.

Mr. STEVENS. I announce that the Senator from Maine (Mr. COHEN), the Senator from Alabama (Mr. DENTON), the Senator from Minnesota (Mr. DURENBERGER), the Senator from Oregon (Mr. HATFIELD), the Senator from Kansas (Mrs. KASSEBAUM), the Senator from Wisconsin (Mr. KASTEN), the Senator from Maryland (Mr. MATHIAS), the Senator from Idaho (Mr. MCCLURE), and the Senator from Alaska (Mr. MURKOWSKI) are necessarily absent.

I further announce that, if present and voting, the Senator from Alabama (Mr. DENTON), the Senator from Wisconsin (Mr. KASTEN), and the Senator from Alaska (Mr. MURKOWSKI) would each vote "yea."

Mr. CRANSTON. I announce that the Senator from Montana (Mr. BAUCUS), the Senator from Arizona (Mr. DECONCINI), the Senator from Illinois (Mr. DIXON), the Senator from Missouri (Mr. EAGLETON), the Senator from Nebraska (Mr. EXON), the Senator from Ohio (Mr. GLENN), the Senator from Colorado (Mr. HART), the Senator from Kentucky (Mr. HUDDLESTON), the Senator from Massachusetts (Mr. KENNEDY), the Senator from Louisiana (Mr. LONG), and the Senator from Montana (Mr. MELCHER) are necessarily absent.

I further announce that, if present and voting, the Senator from Montana (Mr. MELCHER) and the Senator from Montana (Mr. BAUCUS) would vote "nay."

The PRESIDING OFFICER. Are there any other Senators in the Chamber wishing to vote?

The result was announced—yeas 47, nays 32, as follows:

[Rollcall Vote No. 79 Leg.]

YEAS—47

Abdnor	Hatch	Rudman
Andrews	Hawkins	Simpson
Armstrong	Hecht	Specter
Baker	Helms	Stafford
Boschwitz	Humphrey	Stennis
Chafee	Jepsen	Stevens
Cochran	Laxalt	Symms
D'Amato	Lugar	Thurmond
Danforth	Mattingly	Tower
Dole	Nickles	Trible
Domenici	Packwood	Wallop
East	Percy	Warner
Garn	Pressler	Weicker
Goldwater	Proxmire	Wilson
Gorton	Quayle	Zorinsky
Grassley	Roth	

NAYS—32

Bentsen	Ford	Mitchell
Biden	Heflin	Moynihan
Bingaman	Hollings	Nunn
Boren	Inouye	Pell
Bradley	Jackson	Pryor
Bumpers	Johnston	Randolph
Burdick	Lautenberg	Riegle
Byrd	Leahy	Sarbanes
Chiles	Levin	Sasser
Cranston	Matsunaga	Tsongas
Dodd	Metzenbaum	

PRESENT AND GIVING A LIVE PAIR, AS PREVIOUSLY RECORDED—1

Heinz, for

NOT VOTING—20

Baucus	Exon	Kennedy
Cohen	Glenn	Long
DeConcini	Hart	Mathias
Denton	Hatfield	McClure
Dixon	Huddleston	Melcher
Durenberger	Kassebaum	Murkowski
Eagleton	Kasten	

So the motion to lay on the table amendment No. 1241 was agreed to.

Mr. DANFORTH. Mr. President, I wish to commend the chairman of the Budget Committee for resolving a budget problem of concern to me and a number of my colleagues involving the need to fund adequately the adjustment assistance programs.

It had been my intention to offer an amendment—along with Senators BRADLEY, MOYNIHAN, HEINZ, and METZENBAUM—to increase the money available for the TAA program for workers by \$92 million. However, it is my understanding from discussions with the distinguished chairman of the Budget Committee that there is sufficient room in the budget to accommodate the estimated \$132 million needed to fund the trade adjustment assistance program for workers.

I wish to address a question to the Senator from New Mexico. Am I correct in my understanding that the Budget Committee intends to crosswalk an additional \$92 million to the Finance Committee from function 600?

Mr. DOMENICI. The Senator is correct.

I wish to thank the chairman for his cooperation, as well as that of the co-sponsors of the amendment that I had anticipated offering.

My purpose in maintaining funds for the TAA program for firms, and in re-

storing funds for the TAA program for workers, is to insure that these important programs continue to provide assistance to firms and workers adversely impacted by imports.

As chairman of the Subcommittee on International Trade, I am committed to reauthorizing these programs and, in the case of the worker TAA program, to enhance its emphasis on retraining of dislocated workers.

Mr. President, hundreds of thousands of American workers have been laid off in industries adversely impacted by imports. Many of these individuals—whether in the automobile or steel industries, or involved in the manufacture of textiles and apparel or footwear—may never go back to work for the industry that represented their livelihood over the years. This is likely to be the case regardless of how long or how strong the economic recovery is. As the economy evolves, however, new jobs will be created for which qualified workers will be needed. Many of these jobs will be in sectors related to exports. Between 1977 and 1982, some four out of five of all new jobs created in the manufacturing sector were dependent on exports.

Therefore, if we are to offer help and hope to those workers who lose their jobs as a result of imports, we must be prepared to do two things: We must be aggressive in our efforts to maintain and further open foreign markets to U.S. exports and we must provide the assistance necessary to help these workers make the transition into new jobs in our economy. Both of these options are far, far preferable to a third alternative that is likely to be of more harm than good to our economy; namely, protectionism. By maintaining and enhancing the TAA program for workers, we are making a long-term investment in America's greatest resource—our human capital.

The changes in the TAA program for workers that were enacted in 1981 were designed to shift the program's traditional emphasis on cash benefits for workers displaced by imports toward a much stronger emphasis on retraining and relocation. With the money we have now placed in the budget, we will be able to further emphasize the retraining and relocation opportunities provided by the TAA program. These funds would enable us to insure training opportunities for any worker who qualifies for training under the TAA program by more than doubling the money made available in fiscal years 1982 and 1983. In addition, we would be able to provide supplemental assistance benefits to workers participating in a retraining program who may have exhausted UI or TAA cash benefits. The amounts available for workers for job search and relocation could be increased. Finally, TAA

coverage could be expanded to include individuals who work for independent suppliers of parts and services.

Mr. President, this is not a new program. The trade adjustment assistance was established by the Congress in the Trade Act of 1974. It was designed to compensate and help those American workers who lose their jobs because of import competition. Although the program is far from perfect, the need to assist such workers to adjust to new economic circumstances is clear. Between April 1975 and September 1982, some 1.35 million workers benefited from the trade adjustment assistance program—close to 64,000 in my home State of Missouri alone.

The need to maintain and improve programs such as the trade adjustment assistance program for workers and firms is clear. I commend the chairman of the Budget Committee for recognizing this and for insuring that adequate funding is available in the budget to accomplish the objectives of these important programs.

Mr. BRADLEY. Mr. President, I thank the chairman of the Budget Committee for explaining that the budget resolution includes \$132 million in fiscal year 1984 for trade adjustment assistance. This represents nearly a \$100-million increase in the current level of funding. It is my hope that the Finance Committee will use this additional money to expand the current program and target additional funding on retraining.

Mr. President, workers throughout this country in almost all of our industrial sectors are losing their jobs with no prospect of being recalled. Many of these workers are being displaced because of increased imports and the program which was specifically developed to aid import-displaced workers—the trade adjustment assistance program—is due to expire in September.

The TAA program has had its problems—there was not enough emphasis on adjustment and the administration of the program was cumbersome—but it represents a commitment by this Nation that those who bear the brunt of the adjustment burden because of liberal international trade policies are entitled to Government assistance. If we allow the program to expire this September, as proposed by the President, we will be breaking a commitment.

Instead I feel we should extend the program but we should base that extension on what we have learned from past problems and shift the emphasis to retraining. I am pleased that the resolution includes almost \$100 million in increased funding for the program, although I am concerned that this is clearly insufficient to resolve the problems of import-displaced workers.

Adjustment problems will continue to be with us even if we get out of this recession. Indeed, the number of work-

ers laid off because of trade will increase in the future. If we do not develop more effective adjustment programs for workers who lose their jobs because of trade, we will be wasting our most valuable resource—our workers. And many of our workers are sitting idle. A recently completed study of Ford workers laid off when the Mahwah, N.J., plant closed showed that 2 years after the plant closed, half the workers still had no jobs and of those over age 40, 61 percent were still jobless.

What we need to do is to target these funds to the workers who have permanently lost their jobs and who have to be retrained or relocated for new jobs. An increase of \$100 million is not enough but it will help 15,000 to 20,000 workers shift to new productive jobs.

It is my hope that the Finance Committee will hold hearings on the extension and reform of the trade adjustment assistance program. I also hope that when the program is extended it will be expanded so that all workers who have to bear the brunt of the adjustment burden because of our free-trade policies are provided with assistance in qualifying for and finding new employment.

Mr. MOYNIHAN. Mr. President, I wish to commend the distinguished Senators from Missouri and New Mexico, Mr. DANFORTH, and Mr. DOMENICI, for their work insuring that \$132 million is included in this budget for trade adjustment assistance for workers. This agreement obviates the necessity for an amendment, which was to be offered by Senators DANFORTH, HEINZ, BRADLEY, METZENBAUM, and myself.

While this money does not go nearly as far as legislation introduced by Senator HEINZ and I—S. 749—on March 10, I do believe it is important that the Senate register its support for the trade adjustment assistance program. Trade adjustment assistance represents a commitment made to the American worker two decades ago at the time of the Kennedy round of multilateral trade negotiations. We recognized then that while a policy of open trade is essential to a healthy domestic economy, important segments of the work force are adversely affected by import competition. Trade adjustment assistance is for those workers. It helps them pay the bills when they are unemployed and it enables them to receive training for new jobs in different sectors of the economy.

I regret that this administration has shown little interest in trade adjustment assistance and in fact proposes to let it die when its authorization expires September 30, 1983. By this action the Senate is sending a message to the President: Trade adjustment assistance is important to the U.S. Senate and it will be reauthorized. I

look forward to working with the chairman of the International Trade Subcommittee and others as we go about the task of developing a new, improved trade adjustment assistance program.

Mr. METZENBAUM. Mr. President, I am pleased that Senator DOMENICI has agreed to insure that the budget set aside \$132 million to help American workers who are hurt because of foreign imports. I also want to thank Senator DANFORTH for the leadership he displayed in bringing about this agreement. While I believe even more money is necessary to help retrain trade-impacted workers, I also believe that this commitment signals an important first step on the road to developing a meaningful retraining program for millions of displaced American workers.

This kind of program is desperately needed. Many of today's unemployed workers—and those threatened by layoffs in the future—will not be able to return to their old jobs. As a nation, we have an obligation to help these people who have been adversely affected by U.S. trade policies and a changing international economy. We must help give them the tools to fill the jobs of the eighties and beyond.

The current trade adjustment assistance program will expire at the end of this fiscal year. I know I share Senator DANFORTH's interest in developing a new trade readjustment program that actually does what its title implies. And I know that he would agree with me that the current trade adjustment program has led to far less "adjustment" than was intended.

I have offered a proposal to rewrite the current program. It would for the first time create a program which would truly lead to the retraining of millions of workers in trade-impacted industries. This proposal has several new features that distinguish it from the current program.

First, it would earmark one-third of all tariff revenues to be placed into a retraining trust fund administered by the Department of Labor. This approach clearly establishes the principle that those who are causing industry dislocation, the importers, should pay for the cost of readjustment.

Second, the bill would require individuals to enter and remain in qualified retraining programs in order to receive any funds under this program.

Third, the bill would encourage industries to relocate to trade-impacted areas by authorizing the trust fund to pay the costs of retraining programs required by the company. This incentive will help create jobs for those individuals going through retraining.

Other approaches to trade adjustment assistance have also been offered. I understand that Senator DANFORTH will hold hearings on the issue

later this year. I am grateful to know that we share a commitment to the principle of trade adjustment assistance and I look forward to working with him over the next few months to develop a responsible and effective program.

NUCLEAR FREEZE RESOLUTION

Mr. BYRD. Mr. President, I have indicated to the distinguished majority leader that I shall move to proceed to have the clerk state the message from the House of Representatives on House Joint Resolution 13, and I will ask for its first reading and I will ask for its second reading, which I doubt will occur.

Mr. BAKER. Mr. President, will the Senator yield?

Mr. BYRD. I yield.

Mr. BAKER. Mr. President, the minority leader advised me of this yesterday. This is the nuclear freeze resolution from the House of Representatives.

The minority leader is moving in accordance with the rules of the Senate through provisions of rule XIV, and he has the absolute right to do that.

He is correct that there will not be an objection, of course, to his asking for the first reading, but I will in due course object to further proceedings.

Mr. BYRD. I thank the distinguished majority leader. May I say, I do this on behalf of Senators who have requested that I do it.

The PRESIDING OFFICER. The clerk will state the resolution for the first time.

The bill clerk read as follows:

A House joint resolution (H.J. Res. 13) calling for a mutual and verifiable freeze on and reductions in nuclear weapons.

Mr. BYRD. Mr. President, I ask that the resolution be read a second time.

The PRESIDING OFFICER. Is there objection to the request of the Senator from West Virginia?

Mr. BAKER. Mr. President, I object to further proceedings with the resolution.

The PRESIDING OFFICER. Objection is heard.

Pursuant to rule XIV the joint resolution having received the first reading will remain at the desk pending the second reading on the next legislative day.

ORDER FOR ADJOURNMENT UNTIL MONDAY

Mr. BAKER. Mr. President, I ask unanimous consent that when the Senate completes its business today it stand in adjournment until 12 noon Monday next.

The PRESIDING OFFICER. Without objection, it is so ordered.

ORDER OF PROCEDURE ON MONDAY

Mr. BAKER. Mr. President, I further ask unanimous consent that when the Senate reconvenes on Monday, May 9, the reading of the Journal be dispensed with, no resolutions come over under the rule, the call of the calendar be dispensed with, and following the time allocated to the two leaders under the standing order there be a period for the transaction of routine morning business not to extend beyond 10 minutes in length with Senators permitted to speak for not more than 5 minutes each and provided further, Mr. President, that the morning hour be deemed to have expired.

The PRESIDING OFFICER. Without objection, it is so ordered.

FIRST CONCURRENT BUDGET RESOLUTION—FISCAL YEAR 1984

The Senate resumed consideration of the concurrent resolution.

Mr. BAKER. Mr. President, I am told by the manager on this side and I believe the manager on the other side is of a similar view, that it is unlikely that we can get much more done this afternoon. I had hoped that we could get another vote, but it does not look like it is probable.

I believe there is a Nunn amendment to be offered which may be laid aside temporarily after it is brought up and the Domenici substitute which may be offered today but will not be voted on.

Mr. President, I now wish to say to the Senate that there will be no more record votes today.

amendment no. 1242

(Purpose: To add additional funds for national defense)

Mr. CHILES. Mr. President, I send to the desk an amendment on behalf of Senator NUNN and Senator JACKSON and ask that it be stated.

The PRESIDING OFFICER. The amendment will be stated.

The bill clerk read as follows:

The Senator from Florida (Mr. CHILES), for himself, Mr. JACKSON, and Mr. NUNN, proposes an amendment numbered 1242.

Mr. CHILES. Mr. President, I ask unanimous consent that reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Florida?

Mr. DOMENICI. Mr. President, reserving the right to object, I say to my good friend I have not seen that amendment. I assume it is consistent with the Budget Act.

Mr. CHILES. It is consistent with the Budget Act. They may wish to make some modification to it on Monday. It primarily is changing the defense number from the resolution, adding some to the defense number, and I am submitting it on their behalf

and my understanding is that this would be the pending business when we come in on Monday.

Mr. DOMENICI. I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 3, increase the figure on line 13 by \$6,300,000,000.

On page 3, increase the figure on line 14 by \$5,700,000,000.

On page 3, increase the figure on line 15 by \$3,000,000,000.

On page 3, increase the figure on line 19 by \$1,900,000,000.

On page 3, decrease the figure on line 20 by \$200,000,000.

On page 3, decrease the figure on line 21 by \$1,500,000,000.

On page 4, increase the figure on line 2 by \$1,900,000,000.

On page 4, decrease the figure on line 3 by \$200,000,000.

On page 4, decrease the figure on line 6 by \$1,500,000,000.

On page 4, increase the figure on line 7 by \$1,900,000,000.

On page 4, decrease the figure on line 8 by \$1,700,000,000.

On page 4, increase the figure on line 9 by \$200,000,000.

On page 4, increase the figure on line 14 by \$1,900,000,000.

On page 4, decrease the figure on line 15 by \$200,000,000.

On page 4, decrease the figure on line 16 by \$1,500,000,000.

On page 6, increase the figure on line 5 by \$6,200,000,000.

On page 6, increase the figure on line 6 by \$1,800,000,000.

On page 6, increase the figure on line 11 by \$5,600,000,000.

On page 6, decrease the figure on line 12 by \$300,000,000.

On page 6, increase the figure on line 17 by \$2,900,000,000.

On page 6, decrease the figure on line 18 by \$1,600,000,000.

The PRESIDING OFFICER. Who yields time?

Mr. DOMENICI. Mr. President, unless someone wants some time on the resolution, I need a few moments, and I suggest the absence of a quorum and ask unanimous consent that it be charged to our side.

The PRESIDING OFFICER. Without objection, it is so ordered.

The clerk will call the roll.

The bill clerk proceeded to call the roll.

Mr. DOMENICI. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. DOMENICI. Mr. President, consistent with what the distinguished minority leader and the floor manager of the bill, Senator CHILES, understood, I intend to send to the desk a Domenici-Baker substitute.

I think in order to accomplish that, I must ask unanimous consent that the pending amendment, the Nunn-Jackson amendment, be temporarily laid

aside so that I might introduce my substitute.

The PRESIDING OFFICER. Without objection, it is so ordered.

AMENDMENT NO. 1243

Mr. DOMENICI. Mr. President, I send my substitute, in behalf of myself and the distinguished majority leader, Senator BAKER, to the desk.

The PRESIDING OFFICER. The clerk will report.

The legislative clerk read as follows:

The Senator from New Mexico (Mr. DOMENICI), for himself and Mr. BAKER, proposes an amendment numbered 1243 in the nature of a substitute.

Mr. DOMENICI. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Without objection, it is so ordered.

The amendment is as follows:

On page 1, strike all after the resolving clause and insert the following:

That the Congress hereby determines and declares that the concurrent resolution on the budget for fiscal year 1983 is hereby revised, the first concurrent resolution on the budget for fiscal year 1984 is hereby established, and the appropriate budgetary levels for fiscal year 1985 are hereby set forth:

(a) The following budgetary levels are appropriate for the fiscal years beginning on October 1, 1982, October 1, 1983, and October 1, 1984:

(1) The recommended levels of Federal revenues are as follows:

Fiscal year 1983: \$603,100,000,000.

Fiscal year 1984: \$658,000,000,000.

Fiscal year 1985: \$729,200,000,000.

and the amounts by which the aggregate levels of Federal revenues should be changed are as follows:

Fiscal year 1983: -\$100,000,000.

Fiscal year 1984: +\$2,600,000,000.

Fiscal year 1985: +\$5,700,000,000

and the amounts for Federal Insurance Contributions Act revenues for hospital insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1983: \$35,900,000,000.

Fiscal year 1984: \$39,700,000,000.

Fiscal year 1985: \$44,200,000,000.

and the amounts for Insurance Contributions Act revenues and other revenues pursuant to Public Law 98-21 for old age, survivors, and disability insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1983: \$148,500,000,000.

Fiscal year 1984: \$166,500,000,000.

Fiscal year 1985: \$187,700,000,000.

(2) The appropriate levels of total new budget outlays are as follows:

Fiscal year 1983: \$876,200,000,000.

Fiscal year 1984: \$918,000,000,000.

Fiscal year 1985: \$990,300,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1983: \$807,100,000,000.

Fiscal year 1984: \$850,400,000,000.

Fiscal year 1985: \$915,500,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1983: \$204,000,000,000.

Fiscal year 1984: \$192,400,000,000.

Fiscal year 1985: \$186,300,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1983: \$1,383,900,000,000.

Fiscal year 1984: \$1,620,200,000,000.

Fiscal year 1985: \$1,857,200,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1983: \$93,700,000,000.

Fiscal year 1984: \$236,300,000,000.

Fiscal year 1985: \$237,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1982, October 1, 1983, October 1, 1984, and October 1, 1985, are as follows:

Fiscal year 1983:

(A) New direct loan obligations, \$55,400,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1984:

(A) New direct loan obligations, \$48,200,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1985:

(A) New direct loan obligations, \$48,100,000,000.

(B) New loan guarantee commitments, \$97,400,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1983 through 1986 for each major functional category are:

(1) National Defense (050):

Fiscal year 1983:

(A) New budget authority, \$244,600,000,000.

(B) Outlays, \$214,300,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$275,000,000,000.

(B) Outlays, \$241,800,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$304,300,000,000.

(B) Outlays, \$272,600,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

(2) International Affairs (150):

Fiscal year 1983:

(A) New budget authority, \$24,900,000,000.

(B) Outlays, \$11,500,000,000.

(C) New direct loan obligations, \$11,700,000,000.

(D) New loan guarantee commitments, \$9,200,000,000.

Fiscal year 1984:

(A) New budget authority, \$18,200,000,000.

(B) Outlays, \$12,700,000,000.

(C) New direct loan obligations, \$11,200,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

Fiscal year 1985:

(A) New budget authority, \$16,500,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$11,500,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1983:

(A) New budget authority, \$7,900,000,000.

(B) Outlays, \$7,700,000,000.

(C) New direct loan obligations, \$200,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$8,500,000,000.

(B) Outlays, \$8,200,000,000.

(C) New direct loan obligations, \$37,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$8,500,000,000.

(B) Outlays, \$8,500,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

(4) Energy (270):

Fiscal year 1983:

(A) New budget authority, \$4,000,000,000.

(B) Outlays, \$4,600,000,000.

(C) New direct loan obligations, \$13,100,000,000.

(D) New loan guarantee commitments, \$200,000,000.

Fiscal year 1984:

(A) New budget authority, \$3,900,000,000.

(B) Outlays, \$4,100,000,000.

(C) New direct loan obligations, \$13,900,000,000.

(D) New loan guarantee commitments, \$200,000,000.

Fiscal year 1985:

(A) New budget authority, \$3,600,000,000.

(B) Outlays, \$2,900,000,000.

(C) New direct loan obligations, \$14,300,000,000.

(D) New loan guarantee commitments, \$0.

(5) Natural Resources and Environment (300):

Fiscal year 1983:

(A) New budget authority, \$12,500,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$100,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$12,000,000,000.

(B) Outlays, \$12,500,000,000.

(C) New direct loan obligations, \$27,000,000.

(D) New Loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$12,200,000,000.

(B) Outlays, \$12,600,000,000.

(C) New direct loan obligations, \$27,000,000.

(D) New Loan guarantee commitments, \$0.

(6) Agriculture (350):

Fiscal year 1983:

(A) New budget authority, \$24,200,000,000.

(B) Outlays, \$24,000,000,000.

(C) New direct loan obligations, \$18,600,000,000.

(D) New Loan guarantee commitments, \$5,500,000,000.

Fiscal year 1984:

(A) New budget authority, \$11,600,000,000.

(B) Outlays, \$11,400,000,000.

(C) New direct loan obligations, \$12,100,000,000.

(D) New Loan guarantee commitments, \$3,800,000,000.

Fiscal year 1985:

(A) New budget authority, \$14,000,000,000.

(B) Outlays, \$12,300,000,000.

(C) New direct loan obligations, \$11,700,000,000.

(D) New loan guarantee commitments, \$3,800,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1983:

(A) New budget authority, \$5,200,000,000.

(B) Outlays, \$2,700,000,000.

(C) New direct loan obligations, \$6,500,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$5,900,000,000.
 (B) Outlays, \$1,800,000,000.
 (C) New direct loan obligations, \$6,400,000,000.
 (D) New loan guarantee commitments, \$48,700,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$6,500,000,000.
 (B) Outlays, \$0.
 (C) New direct loan obligations, \$6,300,000,000.
 (D) New loan guarantee commitments, \$48,700,000,000.
 (8) Transportation (400):
 Fiscal year 1983:
 (A) New budget authority, \$26,800,000,000.
 (B) Outlays, \$22,100,000,000.
 (C) New direct loan obligations, \$200,000,000.
 (D) New loan guarantee commitments, \$1,100,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$27,700,000,000.
 (B) Outlays, \$25,900,000,000.
 (C) New direct loan obligations, \$100,000,000.
 (D) New loan guarantee commitments, \$600,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$28,400,000,000.
 (B) Outlays, \$26,900,000,000.
 (C) New direct loan obligations, \$100,000,000.
 (D) New loan guarantee commitments, \$400,000,000.
 (9) Community and Regional Development (450):
 Fiscal year 1983:
 (A) New budget authority, \$8,300,000,000.
 (B) Outlays, \$7,900,000,000.
 (C) New direct loan obligations, \$2,100,000,000.
 (D) New loan guarantee commitments, \$500,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$6,600,000,000.
 (B) Outlays, \$8,100,000,000.
 (C) New direct loan obligations, \$1,700,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$7,100,000,000.
 (B) Outlays, \$8,200,000,000.
 (C) New direct loan obligations, \$1,800,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 (10) Education, Training, Employment, and Social Services (500):
 Fiscal year 1983:
 (A) New budget authority, \$28,000,000,000.
 (B) Outlays, \$26,800,000,000.
 (C) New direct loan obligations, \$600,000,000.
 (D) New loan guarantee commitments, \$6,500,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$30,800,000,000.
 (B) Outlays, \$27,000,000,000.
 (C) New direct loan obligations, \$700,000,000.
 (D) New loan guarantee commitments, \$6,600,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$27,500,000,000.
 (B) Outlays, \$27,400,000,000.
 (C) New direct loan obligations, \$700,000,000.
 (D) New loan guarantee commitments, \$6,600,000,000.

(11) Health (550):
 Fiscal year 1983:
 (A) New budget authority, \$25,100,000,000.
 (B) Outlays, \$29,600,000,000.
 (C) New direct loan obligations, \$47,000,000.
 (D) New loan guarantee commitments, \$200,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$31,800,000,000.
 (B) Outlays, \$31,800,000,000.
 (C) New direct loan obligations, \$29,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$35,000,000,000.
 (B) Outlays, \$34,500,000,000.
 (C) New direct loan obligations, \$28,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 (12) Medical Insurance (570):
 Fiscal year 1983:
 (A) New budget authority, \$46,100,000,000.
 (B) Outlays, \$53,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$61,400,000,000.
 (B) Outlays, \$60,300,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$69,400,000,000.
 (B) Outlays, \$68,300,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (13) Income Security (600):
 Fiscal year 1983:
 (A) New budget authority, \$121,700,000,000.
 (B) Outlays, \$110,200,000,000.
 (C) New direct loan obligations, \$1,000,000,000.
 (D) New loan guarantee commitments, \$14,600,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$126,000,000,000.
 (B) Outlays, \$104,100,000,000.
 (C) New direct loan obligations, \$1,000,000,000.
 (D) New loan guarantee commitments, \$14,700,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$127,500,000,000.
 (B) Outlays, \$105,500,000,000.
 (C) New direct loan obligations, \$800,000,000.
 (D) New loan guarantee commitments, \$16,500,000,000.
 (14) Social Security (650):
 Fiscal year 1983:
 (A) New budget authority, \$184,100,000,000.
 (B) Outlays, \$167,600,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$174,900,000,000.
 (B) Outlays, \$177,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$194,700,000,000.
 (B) Outlays, \$188,400,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (15) Veterans Benefits and Services (700):

Fiscal year 1983:
 (A) New budget authority, \$25,200,000,000.
 (B) Outlays, \$24,500,000,000.
 (C) New direct loan obligations, \$1,000,000,000.
 (D) New loan guarantee commitments, \$8,000,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$25,700,000,000.
 (B) Outlays, \$25,700,000,000.
 (C) New direct loan obligations, \$800,000,000.
 (D) New loan guarantee commitments, \$9,000,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$26,800,000,000.
 (B) Outlays, \$26,400,000,000.
 (C) New direct loan obligations, \$600,000,000.
 (D) New loan guarantee commitments, \$10,500,000,000.
 (16) Administration of Justice (750):
 Fiscal year 1983:
 (A) New budget authority, \$5,200,000,000.
 (B) Outlays, \$5,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$6,000,000,000.
 (B) Outlays, \$6,000,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$5,800,000,000.
 (B) Outlays, \$5,900,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (17) General Government (800):
 Fiscal year 1983:
 (A) New budget authority, \$5,600,000,000.
 (B) Outlays, \$5,700,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$5,700,000,000.
 (B) Outlays, \$5,700,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$6,000,000,000.
 (B) Outlays, \$5,800,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (18) General Purpose Fiscal Assistance (850):
 Fiscal year 1983:
 (A) New budget authority, \$6,400,000,000.
 (B) Outlays, \$6,400,000,000.
 (C) New direct loan obligations, \$300,000,000.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$7,100,000,000.
 (B) Outlays, \$7,000,000,000.
 (C) New direct loan obligations, \$300,000,000.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$7,200,000,000.
 (B) Outlays, \$7,100,000,000.
 (C) New direct loan obligations, \$300,000,000.
 (D) New loan guarantee commitments, \$0.
 (19) Net Interest (900):
 Fiscal year 1983:
 (A) New budget authority, \$87,600,000,000.
 (B) Outlays, \$87,600,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$96,500,000,000.
 (B) Outlays, \$96,500,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.

Fiscal year 1985:
 (A) New budget authority, \$106,100,000,000.
 (B) Outlays, \$106,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (20) Allowances (920):
 Fiscal year 1983:
 (A) New budget authority, \$800,000,000.
 (B) Outlays, \$900,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$600,000,000.
 (B) Outlays, \$600,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$1,900,000,000.
 (B) Outlays, \$2,000,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (21) Undistributed Offsetting Receipts (950):
 Fiscal year 1983:
 (A) New budget authority, \$18,000,000,000.
 (B) Outlays, \$18,000,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$17,900,000,000.
 (B) Outlays, \$17,900,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$18,700,000,000.
 (B) Outlays, \$18,700,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.

RECONCILIATION

SEC. 2. (a) Not later than June 6, 1983, the Senate committees named in subsections (b) through (f) of this section shall submit their recommendations to the Senate Committee on the Budget and not later than June 6, 1983, the House committees named in subsections (g) through (l) of this section shall submit their recommendations to the House Committee on the Budget. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee, (A) to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays, or (B) which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: \$1,243,000,000 in budget authority and \$1,243,000,000 in outlays in fiscal year 1984; and \$1,332,000,000 in budget authority and \$1,332,000,000 in outlays in fiscal year 1985.

(c)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by \$856,000,000 in fiscal year 1984; and to reduce outlays by \$2,024,000,000 in fiscal year 1985.

(2) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: \$2,600,000,000 in fiscal year 1984; and \$5,700,000,000 in fiscal year 1985.

(d) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$285,000,000 and outlays by \$534,000,000 in fiscal year 1984; and to reduce budget authority by \$368,000,000 and outlays by \$834,000,000 in fiscal year 1985.

(e) The Senate Committee on Small Business shall report changes in laws within the jurisdiction of that committee to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: \$139,000,000 in budget authority and \$287,000,000 in outlays in fiscal year 1984; and \$555,000,000 in budget authority and \$466,000,000 in outlays in fiscal year 1985.

(f) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$202,000,000 and outlays by \$201,000,000 in fiscal year 1984; and to reduce budget authority by \$117,000,000 and outlays by \$115,000,000 in fiscal year 1985.

HOUSE COMMITTEES

(g) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee, (A) to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays, or (B) which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: \$1,243,000,000 in budget authority and \$1,243,000,000 in outlays in fiscal year 1984; and \$1,332,000,000 in budget authority and \$1,332,000,000 in outlays in fiscal year 1985.

(h) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by \$816,000,000 in fiscal year 1984; and to reduce outlays by \$1,538,000,000 in fiscal year 1985.

(i) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$258,000,000 and outlays by \$534,000,000 in fiscal year 1984; and to reduce budget authority by \$368,000,000 and outlays by \$834,000,000 in fiscal year 1985.

(j) The House Committee on Small Business shall report changes in law within the jurisdiction of that committee to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: \$139,000,000 in budget authority and \$287,000,000 in outlays in fiscal year 1984; and \$555,000,000 in budget authority and \$466,000,000 in outlays in fiscal year 1985.

(k) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in

section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$202,000,000 and outlays by \$201,000,000 in fiscal year 1984; and to reduce budget authority by \$117,000,000 and outlays by \$115,000,000 in fiscal year 1985.

(l)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by \$849,000,000 in fiscal year 1984; and to reduce outlays by \$1,481,000,000 in fiscal year 1985.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: \$2,600,000,000 in fiscal year 1984; and \$5,700,000,000 in fiscal year 1985.

DEFICIT REDUCTION PATH

SEC. 3. It is the sense of the Congress that further deficit reduction actions will be necessary in Fiscal Years 1986-88 in order to insure a long-lasting economic recovery. While one Congress cannot bind another, the Congress recognizes that the President has recommended Fiscal Year 1986-88 revenue increases and spending restraint that would yield a predictable path of declining deficits. The Congress endorses actions of this magnitude if the deficits exceed 2.5 percent of the Gross National Product of the Nation. The President estimates that such actions would yield deficits in the range of \$144.6 billion in Fiscal Year 1986, \$136.6 billion in Fiscal Year 1987, and \$102.4 billion in Fiscal Year 1988. The Congress further recognizes that if the economic recovery approximates the typical post-World War II economic recovery, deficits will be more on the order of \$110 billion in Fiscal Year 1986, \$90 billion in Fiscal Year 1987, and \$60 billion in Fiscal Year 1988. The Congress realizes the extreme uncertainty involved in any out-year forecasts of the economy and that deficit, unemployment, and inflation predictions three years hence may be wrong. In light of these uncertainties, the Congress believes it unwise to take actions now that may exacerbate economic problems in the future.

MISCELLANEOUS PROVISIONS

SEC. 4. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1984; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1984.

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

SEC. 5. It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit the on-budget new direct loan obligations of the Federal Government to an amount not to exceed \$37,600,000,000 in fiscal year 1983 and \$29,300,000,000 in fiscal year 1984; off-budget new direct loan obligations to an amount not to exceed \$17,800,000,000 in fiscal year 1983 and \$18,900,000,000 in fiscal year 1984; and new loan guarantee commitments to an amount not to exceed \$94,500,000,000 in fiscal year 1983 and \$94,500,000,000 in fiscal year 1984. It is fur-

ther the sense of the Congress that the President and the Congress should limit total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to \$16,200,000,000 in fiscal year 1983 and \$17,300,000,000 in fiscal year 1984, and Federal Financing Bank purchases of certificates of beneficial ownership from Federal agencies to \$11,500,000,000 in fiscal year 1983 and \$13,200,000,000 in fiscal year 1984. It is further the sense of the Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank.

SEC. 6. (a) The joint explanatory statement accompanying the conference report on this resolution shall include an estimated allocation, based upon the first section of this resolution as recommended in such conference report, of the appropriate levels of total new direct loan obligations and new loan guarantee commitments for fiscal year 1983 and fiscal year 1984, among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new obligations and commitments.

(b) As soon as practicable after this resolution is agreed to, every committee of each House, after consulting with the committee or committees of the other House to which all or part of the allocation has been made, shall subdivide among its subcommittees the allocation of new direct loan obligations and new loan guarantee commitments for fiscal year 1983 and fiscal year 1984, allocated to it in the joint explanatory statement accompanying the conference report on this resolution.

SEC. 7. It is the sense of the Congress that the budgets of Federal agencies initiating Federal Financing Bank purchases of certificates of beneficial ownership and originations of guaranteed loans should include the budget authority and outlays resulting from the transactions. The Congress recommends that the committees with jurisdiction over the Federal Financing Bank Act of 1973 consider expeditiously legislation to require that the budgetary impact of such Federal Financing Bank transactions be included in the budgets of the initiating agencies beginning with the fiscal year 1985 budget.

Mr. DOMENICI. Mr. President, I send this amendment to the desk in the form of a substitute to the pending resolution. This substitute contains a 2-year budget plan that, in the view of this Senator, is more responsive to our genuine uncertainty about our economic future than is the committee recommendation.

First and most important, Mr. President, this substitute retains the bipartisan recommendations of the Senate Budget Committee on domestic spending—including both selected increases in high-priority areas and significant savings in other programs.

This substitute contains all of the savings in key programs contained in the original committee recommendation. This includes important entitlement savings in the areas of medicare, medicaid, farm price supports, and changes in cost-of-living provisions for all Federal retirement programs to bring them in line with the recently enacted social security amendments. These savings will be achieved

through the reconciliation process, just as is the case in the committee recommendation. And although this is only a 2-year resolution, once the relevant laws are changed, these savings will lower Federal spending many years into the future.

Second, Mr. President, this substitute provides a small increase above the Senate Budget Committee recommendation for national defense. As my colleagues in this Chamber are well aware, the committee debated at length the President's proposals for national defense. Ultimately, the committee voted to restrain the President's request for 10 percent real growth in defense budget authority to about 5 percent in fiscal year 1984, with slightly larger increases in subsequent years. Many members of the committee took this action with strong reservations and only because there did not appear to be a practical compromise available at that time.

This substitute offers a middle ground on the defense issue. It provides for 7½ percent real growth in defense budget authority in fiscal year 1984 and 5 percent in fiscal year 1985. It provides for \$8 billion more in budget authority and \$0.3 billion more in outlays for defense in fiscal year 1984 and \$4.8 billion more in budget authority and \$1.9 billion more outlays in fiscal year 1985 than the committee recommendation.

Finally, Mr. President, this substitute reduces substantially the very large tax increases contained in the committee recommendation. This substitute provides for \$2.6 billion in higher taxes in fiscal 1984 and \$5.7 billion in fiscal year 1985. These amounts were recommended by the President in his April budget update.

This compares to the recommended tax increases of almost \$70 billion in the pending budget resolution, that is, \$30.2 billion in 1984 and \$39.1 billion in 1985. The taxes contained in this substitute could be achieved through a variety of tax proposals, including additional tax reform measures and/or the adoption of such proposals as the President's proposed legislation on the taxation of employer health benefits.

As per previous resolutions, the specific changes in law necessary to achieve these revenue increases is left totally within the jurisdiction of the taxing committees of both Houses.

Mr. President, some of my colleagues may be concerned that this resolution is a 2-year document. This is true in form only.

As I indicated previously, the changes in law to reduce spending made this year will be permanent. These actions will reduce domestic spending for not just 2 or 3 or even 5 years, but many years into the future.

Second, we must not forget that the appropriations process is a 1-year process. We have held down the level of

nondefense discretionary spending in fiscal year 1984 with the assumption of additional savings in future years. As a practical matter, however, the assumptions for future year savings in these programs will have to be debated again next year, whether we call this a 1-year or a 2-year or a 3-year resolution.

But, most importantly, I think we need a dose of realism about what the Congress can reasonably and prudently expect to accomplish in 1 year. Actions taken in this budget resolution cannot bind future Congresses 2 or 4 years hence. Plans made this year to reduce spending or increase taxes 3 or 4 years hence are empty promises unless the Congress enacts changes in law that take effect several years into the future. Congress has always been reluctant to take such actions because circumstances change.

We cannot foretell the future. Indeed, we do not appear to be able even to foretell the present very well.

Let us just look for a moment at our experience during the past 2 years. In the spring of 1981 the budget resolution assumed that the economy would grow 4.2 percent in calendar 1982. The consensus of other economists suggested that the economy would grow by at least 3 to 3½ percent.

As we moved through 1981, economists became more pessimistic. By the fall, they projected that the economy would grow only 2.5 percent in 1982. Our own Congressional Budget Office, for example, expected that the economy would grow 3.1 percent in 1982.

But, unfortunately, the recession that everyone thought would be over quickly hung on throughout 1982. Even in the spring of 1982, that is, with 3 months of the calendar year already over, most economists were still projecting that the recession would be about average in comparison to other postwar recessions and that the economy would decline about 1 percent for the year.

What actually happened? The economy declined 1.8 percent in 1982 and we slugged our way through the worst recession in postwar history.

The results of the recession were as devastating for the budget as for the economy. If we look at the difference between our initial projections and the final outcome, real growth in the economy was 6 percentage points lower in 1982 than expected a year and a half earlier and over 5 percent lower compared to the consensus projections. This series of economic reestimates added over \$60 billion to our 1982 budget deficit and much larger amounts to future deficits. Indeed, the circumstances that we faced last year were quite different from what we expected a year earlier.

Now, I ask my colleagues, what would have happened if we had elimi-

nated the tax cuts that were in place last July, at the very depth of the recession? Catastrophe, certainly. If, in 1981, we had set policy on automatic pilot and put severely restrictive budget actions in place, in anticipation of good solid economic growth, we almost certainly would have made the recession far worse.

I do not want to suggest, however, that we should not plan ahead and that we should not show leadership in assuring financial markets that deficits will be lower in future years. This substitute contains sense-of-the-Congress language that recognizes that additional actions will be necessary to reduce deficits after 1985. This language recognizes that the President has submitted proposals for substantial out-year changes in taxes and spending in order to bring the budget deficits down. This substitute language endorses actions of this magnitude—and the deficit levels proposed by the President in his April budget update—as appropriate fiscal goals. These deficits decline from \$144.6 billion in fiscal year 1986 to \$136.6 billion in fiscal year 1987 to \$102.4 billion in fiscal year 1988.

But make no mistake about it, the most important issue in this budget debate is the spending issue. Each Senator knows, if he is really honest with himself, that we have essentially made that decision already.

The substitute budget resolution that I put before the Senate today retains the domestic spending levels that the Senate Budget Committee members supported—Republican and Democrat alike. These spending levels are approximately \$3 billion below current policy and \$19 billion below the House. We have made changes to the original committee recommendation here on the floor, both of them upward.

In fact, over the course of debate in recent days, the Senate has resoundingly defeated amendments to reduce spending substantially below the levels in the committee recommendation that are also contained in this substitute. We have defeated with a much narrower margin amendments to add to these spending levels, and have had to accept one amendment that added \$1 billion to the 1984 level. The other amendment that I mentioned was the Dole amendment. While it added to spending, it made up for that by way of recoupment on the tax side. So the greatest pressure is for higher, not lower, spending. This is a temptation that we must resist.

Clearly, then, if the levels of spending in the proposed substitute are the same as the committee recommendation, the debate today on this substitute is not a spending debate but a tax debate. The key decision each Senator must make in deciding to support this substitute is whether or not taxes should be raised now by large amounts

as is suggested by the pending resolution. As I indicated, approximately \$70 billion as compared to about \$8 billion in the 2 years as recommended by the President. My unequivocal answer is "No."

We are in the early stages of the weakest economic recovery in postwar history—coming on the heels of the steepest economic decline. Real GNP last quarter increased 3.1 percent. This compares to an average first quarter recovery of almost 8 percent for the four previous postwar recoveries, excluding 1980. Indeed, even in the weakest recovery, prior to 1980, the first quarter growth was 5 percent. Is this the time to raise taxes and to raise them substantially? I do not think so.

Some may argue that the deficit reduction achieved by raising taxes is more important than the fiscal stimulus it provides. This is an argument that depends, first, on the course of monetary policy; second, on conditions in credit markets more than a year from now; and third, on the extent to which current interest rates are higher because of fears of large deficits in the future.

Already, we have been disappointed by changes in monetary policy which are outside of our direct control. Monetary policy was clearly too restrictive in the past 2 years. How can we be sufficiently sure it will effectively offset the effects of large tax increases?

The same is true of credit market conditions. Credit demands were very strong throughout most of 1982, but now private credit demand, particularly business demand, is weak. How can we fully anticipate credit market conditions over a year in advance?

Some would say that lower Federal borrowing will necessarily be replaced by higher business borrowing for new investment. During the cash rich phase of a business expansion when corporate cashflow is more than adequate for current operations, this may not be the case.

Some would say that lower total borrowing would lower interest rates. This also may not happen. In fact, we could have a replay of the 1976-77 period, when Federal and business demand for funds declined and interest rates remained essentially unchanged.

Finally, making the assumption that lower projected budget deficits will lower real interest rates is a chancy business at best. Last year, the Senate passed large spending reductions and the largest tax increase in history. Still most interest rates fell only in line with inflation, and real long-term interest rates have actually risen a bit.

All of this is to say that we live in an uncertain world in which economists as well as policy makers are necessarily cautious about the future. The Congress has enacted dramatic economic

policy changes in the past 2 years. I suggest, with a bit of tongue in cheek, that these policy changes at one time or another should have satisfied almost every economic theory known to man. But, the result was still the same—an unexpected and extremely severe recession. This Senator believes that now is the time for pragmatism, not theory. Now is not the time for drama and chance.

This is the time to hold to the course of domestic spending restraint we have pursued for the past 2 years. This is the time for a steady-state budget that makes small, but determined steps forward to hold down domestic spending growth. This is not the time to recommend a budget with radical actions. There are no cure-all panaceas. This is a time to put into place a budget plan that is not based on miracles and depends not upon magic. I believe the substitute I have put before the Senate is such a budget.

Mr. President, I yield the floor.

Mr. RANDOLPH addressed the chair.

The PRESIDING OFFICER (Mr. WILSON). The Senator from West Virginia.

Mr. BAKER. Will the Senator from West Virginia permit me to interrupt him?

Mr. RANDOLPH. Yes.

Mr. BAKER. Mr. President, I wonder if the Senator would permit me to take us off the resolution and put us in morning business. It might be a little better. Does that suit the minority leader?

Mr. BYRD. Yes, that is agreeable with me and I am sure it would be agreeable with my distinguished colleague.

Mr. BAKER. I was momentarily out of the room. That was my plan in the first instance. If the two Senators from West Virginia will not mind, that is what I would like to do at this point.

ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that there now be a period for the transaction of routine morning business to extend not past the hour of 2:30 p.m. in which Senators may speak for not more than 10 minutes each.

The PRESIDING OFFICER. Without objection, it is so ordered.

MOTHER'S DAY

Mr. RANDOLPH. Mr. President, on this Sunday, May 8, millions of individuals—fathers and mothers and their children—will observe Mother's Day.

Mother's Day was created by a resolution of the Congress of the United States.

Mother's Day became a reality in 1914 pursuant to the intense interest of Anna Jarvis, a West Virginian, born in Grafton, in Taylor County.

It was her desire, by the display of the American flag throughout our country, not only on public buildings—national, State, and municipal—but in the homes of America, that we would remember on that particular day the mothers of this country. Often, they have been the unapplauded molders of men and women.

That resolution was offered by U.S. Senator Thomas Heflin, the uncle of our able colleague at the present time, HOWELL HEFLIN.

So, 69 years ago—it is not wrong, you know, to go back at times and remember that which has taken place but continues very much a part of American tradition and heritage and worthwhileness in the days in which we live—the resolution was passed by the Congress. There was no opposition. The proclamation was signed by President Woodrow Wilson.

I pause for a personal remembrance of my own mother. Perhaps those people in the galleries today, our guests, may remember their mothers, and as Members of the Senate remember.

I recall the loving tenderness of my mother, the sweetness of her life, and her name Idell, a beautiful name, which characterized her life. Ernestine, my cherished sister, and I, had good parents.

I remember well, Mr. President, that in 1920, I was graduated from Salem College Academy, in Salem, W. Va. I received a gift from my father, Ernest, a wonderful man, and my mother, Idell on graduation day. I thought perhaps mother might give me a hat—we wore hats in those days—or it might be a pair of shoes, or a book.

Mr. President, it was a book, and my mother gave me that book, placing it in my hands. It was a Bible. I keep it very close to the desk at which I work.

On the fly leaf of that Bible, in my mother's handwriting, are these words: "Each for the other, and both for God."

Through these years—now, of course, many, many years, 62 years—I have cherished that Bible and have read it, often taking it home at night.

We do not refer to our guests in the galleries except on very rare occasions, but I do ask in these moments that those in the galleries remember their mothers.

Mother's Day is important. It was proclaimed by the action by the Congress, and signed by Woodrow Wilson. Through the years, not only in this country but throughout the world, the loving thought of Anna Jarvis of her mother has given us the opportunity to express our tributes to motherhood in our own homes, in our communities,

and throughout a shrinking world. Time and distance are no more.

Mr. President, when I was sworn into the U.S. House of Representatives on March 9, 1933, I decided—and I will say this to my cherished friend, the majority leader, HOWARD BAKER,—That sometimes those who come to this body and the other body have the urge to speak quickly. I decided that not on March 9, or subsequent days, but that I would wait until May 11, and then I would express tribute to mothers, recalling the life of Anna Jarvis—whom I knew—and talk of what mothers have done for the well-being of their children and, ultimately, the understanding of the peoples of the world.

At that time, I recall that I quoted—and now I reread—the words of Henry Van Dyke, a man who was able to set into poetry the strength of beauty. I quoted Henry Van Dyke:

I cannot pay my debt for all the love that she has given; but Thou, love's Lord, wilt not forget her due reward—Bless her in Earth and Heaven.

Mr. President, 69 years come and go. The love of mother is with us now regardless of the year in which we first celebrated Mother's Day, and on Sunday of this year, we shall express our tribute again, through the display of the flag. Anna Jarvis wanted that in homes as well as in public buildings on that day.

Mr. President, I also call attention to another day, Grandparent's Day, the idea of another West Virginian, Marian McQuade, of the hill country of West Virginia. Marian is the mother of 15 children.

She is a very youthful mother and has, of course, many, many grandchildren. Marian brought this plan for a grandparents day. People are inclined these days, perhaps, to think of only the nuclear freeze or the deficit or the budget and all of the matters that press down on us minute by minute. But when Marian talked with me about a grandparents day, I said to her, as I repeat now, "Marian, I think this should be done."

There was interest by my good colleague, Mr. ROBERT C. BYRD, in this matter, and by other members of the West Virginia delegation and throughout Congress. In 1978, there was a resolution passed in the Congress for another meaningful day to be celebrated in this country—Grandparents Day. I offered the resolution that I have indicated was adopted by Congress and proclaimed by President Jimmy Carter.

For Grandparents Day, I ask unanimous consent that there be printed in the RECORD the proclamation by President Carter on first Grandparents Day, 1978.

There being no objection, the proclamation was ordered to be printed in the RECORD, as follows:

NATIONAL GRANDPARENTS DAY, 1978
(By the President of the United States of America)

A PROCLAMATION

Our nation was shaped by the wisdom and courage of our founding fathers, and by the steadfastness of succeeding generations who have sustained their vision through two turbulent centuries of challenge and growth.

Each American family is shaped and guided by its forbears. Just as a nation learns and is strengthened by its history, so a family learns and is strengthened by its understanding of preceding generations. As Americans live longer, more and more families are enriched by their shared experiences with grandparents and great-grandparents.

The elders of each family have the responsibility for setting the moral tone for the family and for passing on the traditional values of our nation to their children and grandchildren. They bore the hardships and made the sacrifices that produced much of the progress and comfort we enjoy today. It is appropriate, therefore, that as individuals and as a nation, that we salute or grandparents for their contribution to our lives.

Now, therefore, I Jimmy Carter, President of the United States of America, do hereby designate Sunday, September 10, 1978, as "National Grandparents Day." I urge officials of Government at the national, state, and local levels, and of voluntary organizations to plan appropriate activities so that the contributions that our grandparents have made may be appropriately recognized.

I urge each citizen to pause and to reflect on the influence his grandparents have had in shaping his own destiny, and on the legacy bestowed upon our contemporary society by his grandparents' generation.

In witness whereof, I have hereunto set my hand this third day of August, in the year of our Lord nineteen hundred seventy-eight, and of the Independence of the United States of America the two hundred and third.

JIMMY CARTER.

Mr. RANDOLPH. To the majority leader, I say that I shall include these most meaningful messages for Grandparents Day last year, those words being from the present Chief Executive in the White House, Ronald Reagan.

I shall have these two tributes placed with my remarks, by two Presidents of the United States.

When do we celebrate Grandparents Day? Few people now know about it. It has not been too long since adoption. But the President of the United States proclaims it on the first Sunday after Labor Day. We shall be observing Grandparents Day.

It is important to add that Marian McQuade's husband, Joe McQuade, has been very helpful in this project. Joe was a cook in the 1933 Civilian Conservation Corps of the United States in one of the CCC camps in the hill country of West Virginia. He aided Marian, his wife, in the printing and production of a book on Grandparents Day which truly is a marvelous collection of that which goes with the observance of this day.

I have written the foreword in that book, "By Grandfather Jennings Randolph." That is the foreword of the readable book mentioned as being tender and worthwhile, compiled by Marian McQuade and by Jim Comstock, a noted journalist in West Virginia.

I ask unanimous consent that that foreword be printed in the RECORD, as follows:

There being no objection, the material was ordered to be printed in the RECORD, as follows:

[Foreword]

BY GRANDFATHER JENNINGS RANDOLPH

Grandparents are the grandest people!

Marian McQuade, the mother of fifteen children and many times over a grandparent, has lived a very busy and useful life in the hill country of West Virginia. She and her husband, Joe, who was once a cook in the Civilian Conservation Corps, have brought good cheer and companionship and love to hundreds and hundreds of older Americans. Marian has authored a touching book which tells in highly readable fashion the story of her constant effort to achieve national recognition for grandparents everywhere.

The President of the United States each year proclaims this special day on the first Sunday after Labor Day. It was my privilege to cooperate with Marian in the Congressional approval of this unique legislation.

I recall so very well my wonderful grandparents on both sides of the family tree. There was Mary Frances and Jesse Randolph, Mandena and James Bingman. Times seems to pass so quickly . . . Mary and I became grandparents ourselves with Jennings III (Jay), Brian and Rebecca.

Jesse taught me to milk a cow and to ride a horse and to plant and nurture and harvest the vegetables to fill the barrels that filled the basement with potatoes and apples. Mary Frances cautioned me that a penny must be dropped into the copper kettle and how to stir the apple butter so that it would not scorch. The homemade bread (thick slices) tasted so good to a growing boy. Incidentally, Grandpa ate apple pie at breakfast every morning. What a happy home it was! There was the organ in the parlor where we would gather to sing with friends and family the songs of seventy years ago, like "Come, Josephine, in My Flying Machine Going Up We Go, Up We Go," and the popular number, "Redwing."

Grandpa Jim could seemingly take a piece of wood and fashion it into something useful. I recall listening with wonderment to the true tales he told of the earlier lumbering days when he would ride the rafts of timber down the Tygart River into what is now beautiful Tygart Lake.

Grandparents are the warming influence that knit together the ties of family life. Too often grandparents have been shunted aside to sit in the shadows. Marian's book will reawaken memories for her readers. Her story is worth the telling!

THE WHITE HOUSE,
Washington.

GRANDPARENTS DAY, 1982

For generations, grandparents have strengthened the fabric of the family, preserving and enriching our national heritage. It is fitting that we pay special recognition to our nation's 20 million or more grandpar-

ents, and Congress has designated the first Sunday after Labor Day as National Grandparents Day.

Research has shown what many of us know from personal experience—that the emotional attachment between grandparent and grandchild is a special legacy handed down from one generation to the next. Grandparents often fill roles as surrogate parents, care-givers, tutors, decision-makers, confidants, counselors, story-tellers, and family historians. They also help by sharing their wisdom, knowledge, and experience. In turn, the love and care that grandparents give enhances their own sense of usefulness.

With Americans living longer than ever before, three- and four-generation families have become increasingly common. An estimated one-third of all persons who have grandchildren have at least one great-grandchild. Of prime importance is the building of bridges between younger and older Americans, a lifelong process involving such institutions as our schools, colleges, churches, synagogues, and, most important, the family.

Henry Ward Beecher once wrote, "There are only two lasting bequests we can hope to give our children. One of these is roots . . . the other, wings." Grandparents give us both bequests and help instill in future generations the values which make America great.

I urge all Americans to take the time to honor our nation's grandparents on National Grandparents Day, Sunday, September 12. In so doing, we will celebrate a union of the generations, in a very real sense, a triumph of life.

RONALD REAGAN.

Mr. RANDOLPH. Mr. President, Grandparents Day really widens the circle of mothers and fathers. The family circle is very important in the life of America. It has been ripped apart too often under our present society. By that, I mean the family unit is not the family unit of 25 and 50 years ago. I am not asking that we return to the type of living of our childhood days. I am urging that the family circle be recreated.

Mr. President, I am grateful that I have been indulged with the cooperation of the leadership to speak of our mothers and our grandparents and to recall for those who are our guests today, not only the memories that they have of their parents, their mothers and fathers, and their grandparents, but to hope that they realize that there is a very real matter of substance attached to these thoughts, to which I address myself. In this country, there is a need now, perhaps as never before, to understand the principles of citizenship through courses that would be taught, not political or partisan, in the elementary and public schools. There is a challenge today for not a mere compilation of historical facts, but the story, the thrilling, the often shocking and saddening story of those who gave so much to bring America into being.

I hope that parents and teachers and those in authority will bring back to the school systems, public and private, in this country the study of

America and those men and women who made such magnificent contributions from more than 200 years ago until the afternoon I speak.

I talk to boys and girls. I do not talk down to them. I love them as I have loved our two sons. But if I ask them about the signers of the Declaration of Independence, the children of today, Mr. Leader, they may know there were 56, they might even guess at that number, but they have never been given the opportunity and the challenge to study the makeup of the 56 signers of the Declaration of Independence. A mere civics course is not enough. Instilling pride into our youth in this country at an early age and continuing, yes, through high school and college and university educational processes is very, very crucial.

I thank the President of the United States, Ronald Reagan. A few months ago he signed legislation that I had offered. I thank him because he felt as I that we need to study the principles of citizenship and to have taught to our boys and girls by the teachers, the instructors, and the professors of this country. You do not take away anything from science or math or the technological approaches, but you bring back to the youth of our Republic the facts about this Republic through the stages which bring us again to another challenging hour in our history.

I am glad, Mr. Leader, that someone told me about those signers of the Declaration of Independence. It came from a teacher of history in the little town of Salem, W. Va., where I was born. I began on my own to study them. I have written articles and called them "They Signed for Our Independence." I have gone into the life of each signer, telling the reader what type of person was the signer. I close today by telling you, Mr. President and our guests, about one signer.

He was Stephen Hopkins of Rhode Island. He was ill, very ill, with palsy. We do not have that malady as much today as we once did. But he was afraid that with his palsied hand, as he signed, there would be those who would think he was afraid to sign the declaration. So, not in legend but it is documented, as he signed these were the words he spoke that others might hear: "My hand trembles but my heart does not."

That was the feeling that all of the signers possessed. They never recanted, not a single one of them, for what they did. They knew that by their action if we failed to bring into being the great country which we have inherited now and hope to keep, the citadel of freedom and responsibility, and hopefully peace, they never recanted. They knew that they had done that which was right. Their children were abused, their homes were burned

and destroyed, their lands were laid waste, but they never wavered. They were citizens of our land which was to become our Republic, the United States of America.

So turning from all of the subjects I have touched today, we come back to my original thought, that there is a very real reason for us to remember the wellsprings of the life that we live because of a mother and the love that continued because of the mothers and fathers and grandparents and the love that must be in this Chamber between Members. Confrontation will not bring us that which we need in these hours. Too much confrontation between Capitol Hill and the White House and vice versa will not suffice. Differences, of course, should and will take place, but if we permit ourselves to drift into divisiveness, the Nation will not be well served.

For that attention which I have received and for the opportunity to speak, I am grateful, remembering that 50 years ago, as a very young man, I had the opportunity to address this subject matter, and again today, a span of 50 years later, I speak from my heart with understanding and concern, yet above all with faith in the future.

The PRESIDING OFFICER. The Senator from Alabama is recognized.

MOTHER'S DAY, MAY 8, 1983

Mr. HEFLIN. Mr. President, Sunday, May 8, 1983, marks the 69th celebration of Mother's Day. While millions of Americans will take this opportunity to show in very personal ways their appreciation to their mothers, I hope this very special day will mark a return to the values of basic American life.

This 69th celebration of Mother's Day comes at a time when it is critically important that we strengthen basic American family life.

As we observe Mother's Day and honor the mothers of this Nation, let us also work to bring our families closer together—for it is the family unit that is the primary molder of proper and good values in our society. The family unit has been the backbone of America throughout the history of this Nation. Without the role of the mother, the family as a force for good would play a less important mission.

American mothers have been the greatest source of this proud Nation's strength and inspiration. When we honor our mothers, we honor our families and, yes, we honor our Nation.

The idea for setting aside a day to honor the Nation's mothers came from a West Virginia lady, Anna Jarvis. Miss Jarvis came to be known as the "Mother of Mother's Day."

Mr. President, I take this time to read the original Mother's Day Act, which was introduced on May 7, 1914.

JOINT RESOLUTION RELATIVE TO THE OBSERVANCE OF MOTHERS' DAY

Whereas the service rendered the United States by the American mother is the greatest source of the country's strength and inspiration; and

Whereas we honor ourselves and the mothers of America when we do anything to give emphasis to the home as the fountainhead of the State; and

Whereas the American mother is doing so much for the home, the moral uplift, and religion, hence so much for good government and humanity: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is hereby authorized and requested to issue a proclamation calling upon the Government officials to display the United States flag on all Government buildings and the people of the United States to display the flag at their homes or other suitable places on the second Sunday in May as a public expression of our love and reverence for the mothers of our country; and be it further

Resolved, That the second Sunday in May shall hereafter be designated and known as Mothers' Day and it shall be the duty of the President to request its observance as provided for in this resolution.

Mr. President, I am exceedingly proud that the author and sponsor of the original Mother's Day Act was my uncle, former U.S. Senator J. Thomas "Cotton Tom" Heflin of Alabama.

For his efforts on behalf of this Nation's mothers, "Cotton Tom" became known as the "Father of Mother's Day."

Mr. BAKER. Mr. President, I will not take long.

I wish, however, to extend my appreciation to the distinguished Senator from West Virginia, Senator RANDOLPH, for his remarks today and those of Senator HEFLIN for similar remarks on the occasion that is important to all of us.

I sat here listening to Senator RANDOLPH's remarks in particular, and I have never known a situation where a single Member with whom I have served has seen and observed the passage of so much of the history of this Senate and of this Congress.

He spoke of having made his remarks on Mother's Day 50 years ago in the House of Representatives. He is too young to have done that, but I will accept it at face value. But, you know, that is one-fourth of the history of this Congress observed by a single person.

And on that day in March 1933 when he was sworn in, there was another man sworn in named Everett McKinley Dirksen who was my father-in-law. And the Senator from West Virginia and Everett Dirksen served together in the House of Representatives for a long time and in the Senate together for a long time.

The two of them in a way became the trustees of an important American heritage, as the repository of so much knowledge and insight.

So it is exhilarating to hear the Senator from West Virginia recount those historic times and to relate them to the upcoming Mother's Day event of Sunday and to do so with such eloquence and style which has come to characterize the service and the statements of the Senator from West Virginia.

I wish to express my gratitude to him. He does a great service.

It is always characteristically kind of him to allude, as he has, to the kinsman of our friend from Alabama who was also instrumental in the creation and designation of this day for Mothers Day upcoming and Grandmothers and Grandfathers Day.

That may sound to some, inconsequential compared to the note in my pocket from the Acting Secretary of State reporting on the progress of our peace negotiations in the Middle East, or having just concluded the Senate's deliberations on the budget upcoming and tax policy for this country, or having just conferred with the chairman of the Intelligence Committee about other matters of vital and sensitive import. But it struck me that none of those things in the long term are perhaps as important as the celebration of the event described by the Senator from West Virginia and certainly not as important as the continuum of experience that he represents in these 50 years of participation in congressional affairs.

Mr. President, I hold in my hand a portion of the CONGRESSIONAL RECORD for Thursday, May 11, 1933, excerpted from the record of proceedings of the House of Representatives, which appears to be the first and major address of our distinguished friend, the senior Senator from West Virginia (Mr. RANDOLPH).

I think it would be only appropriate under the circumstances and I ask unanimous consent that it be printed in the RECORD.

There being no objection, the speech was ordered to be printed in the RECORD, as follows:

THE UNAPPLAUDED MOLDERS OF MEN

THE ORIGIN OF MOTHER'S DAY—A TRIBUTE TO ANNA JARVIS

(Reprint of a speech by Hon. Jennings Randolph, U.S. Senator from the State of West Virginia)

(This is the Text of the initial Speech in the United States Congress by Then Representative Jennings Randolph, Presented on May 11, 1933.)

CONGRESSIONAL RECORD HOUSE OF REPRESENTATIVES

THURSDAY, MAY 11, 1933.

The House was called to order at 12 o'clock noon by the Clerk of the House of Representatives, who read the following communication from the Speaker:

THE SPEAKER'S ROOMS,
U.S. HOUSE OF REPRESENTATIVES,
Washington, D.C., May 11, 1933.

I hereby designate Hon. ALFRED L. BULWINKLE to act as Speaker pro tempore today.

HENRY T. RAINEY.

Mr. Bulwinkle assumed the chair as Speaker pro tempore.

ORDER OF BUSINESS

Mr. BYRNS. Mr. Speaker, I ask unanimous consent that the gentleman from West Virginia, Mr. RANDOLPH, may have 15 minutes to address the House on the subject of Mother's Day. The lady who first suggested Mother's Day and who is the founder of Mother's Day formerly lived in the gentleman's district in West Virginia. I hope no one will object to the request at this time.

Mr. WOODRUM. Mr. Speaker, reserving the right to object, and I shall not object to this request, because I think the address of the gentleman is highly appropriate * * *

THE SPEAKER pro tempore. Is there objection to the request of the gentleman from Tennessee?

There was no objection.

THE UNAPPLAUDED MOLDERS OF MEN

Mr. RANDOLPH. Mr. Speaker, it is with a feeling that I am treading on holy ground that I ask you to turn with me today for a few minutes to honor the immortal builder of all heroes—mother. Too long have mothers been the unapplauded molders of men, too long the true but unsung architects of destiny.

Volumes have been written about kings and emperors; historians have told of the exploits of a thousand heroes of battle; biographers have packed into colorful words the life and death of our statesmen; while painters have filled galleries with likenesses of our living great; but it remained for Miss Anna Jarvis, a West Virginia woman, untold years after the first mother had given birth to a son, to immortalize mother by having the Congress of the United States give recognition to Mother's Day through the display of our flag. The Congress established this memorial in 1914, and since that year on Mother's Day men and women turn from the turmoil of labor and by silent communion with that mother, living or dead, receive again from her the strength of mind and the pureness of soul that only can be bred in that greatest of all loves—that of a mother for her child.

Oh, if the historians, the painters, and sculptors could see through the outward acts of men to the source from which they derive their power of greatness, how different might be the lists of the honored and successful. How different would be the story of our national progress.

Behold the settling of the New World. With the Pilgrim father who sought his religious liberty in a new and unknown land came also the Pilgrim mother. She it was who endured the same hardships as her stronger mate; she it was who steadfast to her duty of wife and mother battled with him the cold of the cruel New England winters; she with him sacrificed the comparative peace and safety of the Old World for the dangers of the New; she with him fought the savage Indian; she kept his house, cooked his meals, bore him sons and daughters, and earnestly and faithfully reared them into new pioneers destined to build America.

Write, ye historians, of the mother of George Washington faithfully training that great man in the paths of duty and service.

Record the story of the brave mother from the hills of western Virginia who sent her three sons to fight in the Continental Army when the British under Colonel Tarleton, threatened invasion of the Shenandoah Valley with these words:

"Go, my sons, and keep back the foot of the invader or see my face no more."

When this story was related to Washington in the darkest hours of the Revolution he said:

"Leave me but a banner to plant upon the mountains of West Augusta and I will rally around me men who will lift our bleeding Nation from the dust and set her free."

Paint, ye artists, the settlement of the western America, but forget not that into that empire-building went not only the toil and blood of our pioneer men but that into it also went the immeasurable toil of pioneer women. Too often we visualize the skeletons that marked the trail across the prairies, the mountains, and deserts as the last remains of a Custer, a Lewis, a great frontiersman who died in glory defending his loved ones. Too often the true story written on the desert sands is the story of a mother's sacrifice, sometimes in the forefront of battle but more often in the burdensome strife of daily tasks that bent and broke her body. Too often the mute bones on the Westward trail speak the death of a mother in childbirth. The story of the cradle rather than the report of the blunderbuss marks the westward course of empire.

O orators, if you would explain the greatness of Lincoln paint the vision of Nancy Hanks; fill your minds, if you can, with the glory of her mother love, catch the strains of the strange lullabies she sang to her unborn child. What fount of greatness can compare with hers? Biographers, if you would know from whence came the staunchness of Woodrow Wilson's soul, the breadth of his great vision, search out the secret gift of life and life's greatest ideals transmitted to him by his mother.

And so goes the story day in and day out, from the mothers of the great to the mothers of all men throughout the world. I wonder if any son ever knew the true depth of a mother's heart. Is there any force for righteousness and peace in the world equal to the force of a mother's daily teaching of obedience, of peace, of love, and of devotion to high ideals? Is there any nobler lesson taught than is taught by a mother's living example of sacrifice, of duty, and of love?

One September evening, several years ago, I stood on the railroad-station platform in Charleston, the capital of our State, just before the night train for Clarksburg was ready to pull out.

It was a delightful twilight, and I did not want to board the sleeper until the last minute. Just then a young man came swinging toward the car steps carrying his luggage. I know the boy, and it happened that he was leaving for Morgantown to enroll as a freshman at West Virginia University. It was the beginning of his first great life's adventure.

Standing close by, I heard the final words of parting. The father shook his son's hand with a final admonition, "I hope you'll make the football team, but go easy on the money, for your old dad has to settle all the bills." And this was a remark that many a father has made to his son. The sister said she hoped he might be pledged to the best fraternity on the campus. And then his sweetheart murmured—but I shall not report what they said, for we should never tell what sweethearts speak at parting time.

But, seriously, I shall never forget the words spoken by that mother to her boy, as she put her loving arms around his stalwart shoulders and said, "My boy, like your father, I want you to make the football team, and like your sister, I want you to know the best people, but above all other things I hope you'll always remember to be a good boy."

When that mother spoke she did not mean "good boy" in the sense that she desired her son to be a wishy-washy sort of person. She meant what every mother has meant when she said those words. She simply wanted her boy to be honest, chivalrous, brave, and to stand foursquare against the evil winds that blow.

And thus do mothers write the living stories of men and nations. Behind the storm and strife and blustering of the actors most vividly before our eyes do we see the power of mother love and the fashioning of manhood and womanhood in mother's heart and hands.

I once heard a friend telling a young woman that he did not believe in any hereafter; that so far as he was concerned heaven and hell consisted of the joys and sorrows that every person experienced in this world and that when death stopped the movements of this life his body became only so much decaying matter and nothingness was the end. The young woman answered him in these words, "Do you mean to tell me that I shall never again see my mother?" And in that simple and yet boundless faith that mother and immortality were one and inseparable; in the sureness of her knowledge that when she had become weary of the labors of life there would be waiting the radiant face of her mother to comfort her and the loving arms to enfold her once more—never again to be separated in all eternity—in the light of that abiding hope and faith, all of the scientific arguments of my friend were of the nothingness of which he spoke. Against that mother-love logic was but the mere exercise of dried-up mathematics. And it is the same mother love that has enthroned the highest ideals in the hearts of all men. It has been the inspiration of the great and the comfort and hope of the lowly. Before the voice of a mother telling her son to "be a good boy" all of the pomp and the splendor of the outward world fades away and

The tumult and the shouting dies,
The captains and the kings depart,
Still stands thine ancient sacrifice,
An humble and a contrite heart.

Mother's Day is the most fitting memorial that can be raised to mothers of men. When we drive about the city of Washington we proceed from circle to circle, from monument to monument. Here stands a statue of Farragut, and here a likeness of Webster, and towering over them all is the giant spire honoring the great Washington. It is fitting that a nation should honor its heroes. But no statue can be raised to mother as enduring and as inspiring as the child each mother rears herself. No writer can enclose between the backs of any book all of the wisdom of a mother's teaching. No poet can capture all of the joys and sorrows of a mother's heart. No painter has the power to transmit to his canvas the beauty of a mother's face that glows in the memory of her dear ones, no matter how homely, how grotesque, or how blank and stupid that same face may have appeared to strangers. Even the wizardry of the sculptor's hand cannot endue his cold marble with the warmth of a

mother's love. No; only a special day set apart for us, sons and daughters of mothers living and mothers dead, to commune again in our thoughts with those to whom we owe our all, is a fitting memorial to Mother. Memory alone holds for us the charm of her personality. Memory alone brings back the picture of those thousands of cares and daily tasks she did for us; the joyful laughter at our successes; the loving kindness of her manner. Memory alone brings back the mother we knew, and to bring back any other mother is only to rear an unworthy monument.

Today we are living in a world of personalities. Europe bristles with names of men rather than names of nations. Stalin of Russia, Mussolini of Italy, Hitler of Germany—who knows what influence their mothers had upon them? From whence their courage, their vision, their power? A mother tapped the sources of their personality, taught them the duties and tasks of life, guarded their bodies, and filled their minds with great thoughts.

Today in our Western Hemisphere it has been said that our President Roosevelt is the outstanding and dominant personality. Fortunate are we Americans to have his mother alive. This splendid mother of our President sees him as he magnificently commands our ship of state. She remembers daily the dreams she had for him in the yesteryears when with her aid and guidance he was equipping himself for just such a momentous task of leadership. Humble, yet justly proud, she walks securely down the remaining miles on her highway of life, knowing that there follows along the trail a son who is perhaps destined to become one of the truly great leaders of mankind. And ever behind Roosevelt will remain his warm and glowing mother.

The late great poet, Henry Van Dyke, has expressed in tender words my wish and your wish when he says:

I cannot pay my debt
For all the love that she has given;
But Thou, love's Lord,
Wilt not forget
Her due reward—
Bless her in earth and heaven.
[Applause.]

Mr. RANDOLPH. I thank my colleague. Mr. President, will the Senator yield?

Mr. BAKER. I yield.

Mr. RANDOLPH. Mr. President, I remember Everett Dirksen. We came to Congress on the same day, he a Republican from Illinois. I came from West Virginia, a member of another party.

That day we stood together and were sworn into the House of Representatives. I remember that we served on the same committee on the first day to which assignments were made.

I shall never forget him. There was something about him that made the day a more memorable one because he was a man of substance, vision, and spirit.

Since we are talking about parents and grandparents and Mother's Day, how notable is the career of our present leader from Tennessee, HOWARD BAKER. His father served in Congress and his mother served in

I refer again to the strength of the family circle. No matter where the child is, often there has been the mother and the father.

I shall never forget, when I leave this body on January 4, 1985, that I served such stalwarts, men who knew the human side of politics and were a part of it, like the leader who has just spoken.

Thank you, Mr. President.

Mr. BAKER. Mr. President, I am grateful, as always, to the distinguished Senator from West Virginia for his remarks.

Mr. President, the Senator from West Virginia made reference to my father and mother serving in Congress, and indeed that is so.

I should say for the record that my mother died when I was 8 years old, but I then had the extreme good fortune to be raised by a distinguished woman who succeeded my father in Congress, whom I hesitate to call step-mother, although that is the legal description.

She was and is a great woman. She lives by herself in Knoxville, Tenn., now and she is 82 years old. She is fiercely independent.

I am probably the only Member of the Senate who has a mother who reads the RECORD daily and writes him critical letters about his votes.

But in any event, I appreciate the remarks of the Senator from West Virginia.

Mr. President, I see the Senator from Hawaii is here, and I judge by the gleam in his eye he may have some remarks to make.

I yield the floor and await his further presentation.

Mr. MATSUNAGA. I thank the distinguished majority leader for yielding.

Mr. President, I had not intended to speak, but being inspired as I am now, after listening to the senior Senator from West Virginia and the distinguished majority leader, I could not contain myself.

So I rise to express my deep appreciation for the great privilege of serving with these two gentlemen in the Senate.

My first experience in viewing the Senate was when Hawaii was still a territory, not a State, and looking down from the gallery, down into this distinguished body, I was somewhat disillusioned because there were only a half dozen Senators on the floor at that time, and I am sure many visitors to this Chamber feel the same.

But then when it was explained to me by my host Delegate to Congress that most Senators were in committee meetings and that is where the decisions are really made—in the committees—then I began to understand, and having now served in Congress going on 21 years, I fully understand the situation, and so frequently I wish that I

could stand on this floor of the Senate to explain all this to visitors up in the gallery. All in all, it is not how many Senators there are on the floor that matters but what is said by the few who are present. And for me, it has been a real great privilege to sit here and listen to my esteemed colleagues. As a matter of fact, when I was first elected to this body, I made a public statement that my great American dream had come true. I realize now that that dream is much greater than what I had envisioned. To serve in this body of distinguished leaders from all 50 States is truly an exciting and challenging experience. The men and women who serve here are without exception dedicated to the welfare of their country and its people. My earlier dream had not envisioned the great and inspirational privilege of serving and associating with remarkable men like the Senator from West Virginia and the Senator from Tennessee. Not only am I inspired by their words, I am truthfully awed at the youthfulness of the Senator from West Virginia.

I only wish that at age 70 I would look as youthful as the octogenarian Senator from West Virginia. But lest I might stray too far from what prompted me to rise, let me say that we have witnessed here on the Senate floor today a demonstration of what makes America the greatest nation on Earth. Here we have listened to Senators speak not only of the great issues of the day at the international and domestic levels, but about their mothers, the object and source of love in its purest sense. What makes this country truly great is that its leaders are moved as much by human sentiments as by social ideals and political philosophy. So in observance of Mothers' Day, May 8, 1983, let me join my colleagues in paying tribute to the mothers of the world—may God bless them all. And in remembrance of my own mother who rests in Heaven, I must declare that no one had a greater mother than she—she who taught me "keep your spirit forever high, but your head bowed in reverence."

Let me conclude in the prevailing mood that I am truly sorry that both the Senators who have spoken before I did here on the floor have announced their retirement, come the next election. I want it unashamedly to appear in the RECORD that I, for one, will dearly and sorely miss them.

I thank the Chair and I thank the majority leader for yielding.

Mr. BAKER. Mr. President, I thank the Senator from Hawaii. I must say I appreciate his remarks about my impending retirement from the Senate, which will not be until January 4, 1985, and inform him that I am currently negotiating for time off because

of good behavior. I am grateful, however, for the Senator's remarks.

EXTENSION OF ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended until not past 2:45 p.m. today under the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I wonder if there is any other Senator now seeking recognition? I do not see anyone. I would like to confer with the minority leader before I move that we stand in adjournment. So, for the moment, I suggest the absence of a quorum.

The PRESIDING OFFICER (Mr. PRESSLER). The clerk will call the roll. The assistant legislative clerk proceeded to call the roll.

Mr. BAKER. Mr. President, I ask unanimous consent that the order for the quorum call be rescinded.

The PRESIDING OFFICER. Without objection, it is so ordered.

EXTENSION OF TIME FOR ROUTINE MORNING BUSINESS

Mr. BAKER. Mr. President, I ask unanimous consent that the time for the transaction of routine morning business be extended until not past 3 p.m. under the same terms and conditions.

The PRESIDING OFFICER. Without objection, it is so ordered.

THE CALENDAR

Mr. BAKER. Mr. President, may I say to the minority leader that I have a number of items in my folder that appear cleared for action by unanimous consent. I would like to invite his consideration of some of them.

First of all, I am prepared to proceed to the consideration of Calendar Order No. 118, House Joint Resolution 219, which is an initiative of the occupant of the chair, the Senator from South Dakota (Mr. PRESSLER). I wonder if the minority leader is prepared to consider that item.

Mr. BYRD. Mr. President, that item has been cleared on this side.

Mr. BAKER. I thank the Senator.

SUPPORT FOR EFFORTS TO BRING THE WORLD CUP SOCCER TOURNAMENT TO THE UNITED STATES IN 1986

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now proceed to the consideration of House Joint Resolution 219, Calendar Order No. 118.

The PRESIDING OFFICER. The clerk will report.

The assistant legislative clerk read as follows:

A joint resolution (H.J. Res. 219) declaring the support of the U.S. Government for efforts of the United States Soccer Federation to bring the World Cup to the United States in 1986, designating the Secretary of Commerce as the official representative of the U.S. Government to the Federation Internationale de Football Association, and for other purposes.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Tennessee?

There being no objection, the Senate proceeded to consider the joint resolution.

Mr. BAKER. Mr. President, today, the distinguished occupant of the chair, my distinguished colleague from South Dakota, Mr. PRESSLER, is fighting for passage of a resolution to bring the 1986 World Cup Soccer Tournament to the United States. As the original sponsor of this legislation, Senator PRESSLER skillfully guided it through his Subcommittee on Business, Trade, and Tourism and now the full Senate. This measure, which we are about to vote on, will help provide thousands of jobs and millions of dollars to our economy, at virtually no cost to the Government.

As he has done so often in the past, Senator PRESSLER continues to champion the cause of travel and tourism trade. He has often reminded us of the importance of travel and tourism to our national economy, pointing out that tourism is now our second largest retail industry. It provides employment for over 6 million American workers and contributes billions of tax dollars to our local, State, and national economy. He has argued his case well. During his 4 years as chairman of the Senate Subcommittee on Business, Trade, and Tourism, he has made great strides in advancing the cause of tourism.

Under his leadership, we now have, for the first time, a stated national tourism policy. We have once again begun to effectively compete in the world market for the many billions of dollars in travel and tourism trade. His National Tourism Policy Act created the U.S. Travel and Tourism Administration to carry out the stated goals of our new national policy. Senator PRESSLER is currently engaged in a battle to provide that agency with the necessary funds to effectively fulfill its requirements. He already has 45 cosponsors to that legislation.

He has successfully fought for many other aspects of the industry, always reminding us of its importance as a powerful economic, political, and social force. His tireless efforts have made him an extremely effective voice for travel and tourism here in the Senate. His record speaks for itself.

Senator PRESSLER frequently reminds the Senate of the importance of travel and tourism in his home State

of South Dakota, where tourism is the second largest industry. We have all frequently heard him tell of his home State's many attractions, not the least of which is the beautiful Black Hills and Badlands areas of South Dakota.

Mr. President, I want to commend my distinguished colleague for his strong leadership in this important segment of our economy, and join him in support of his resolution today.

The joint resolution was ordered to a third reading, read the third time, and passed.

The preamble was agreed to.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BYRD. Mr. President, I move to lay on the table the motion to reconsider the vote on the resolution.

The motion to lay on the table was agreed to.

ORDER TO INDEFINITELY POSTPONE SENATE JOINT RESOLUTION 69

Mr. BAKER. Mr. President, I ask unanimous consent that Senate Joint Resolution 69, which is a companion measure to House Joint Resolution 219 just passed by the Senate and which appears as Calendar Order No. 117, be indefinitely postponed.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, I next ask the distinguished minority leader if he is prepared to proceed to the consideration of Calendar Order No. 125, Senate Joint Resolution 94.

Mr. BYRD. Mr. President, there is no objection on this side.

FAMILY REUNION MONTH

The joint resolution (S.J. Res. 94) to authorize and request the President to designate May 8, 1983, to June 19, 1983, as "Family Reunion Month," was considered, ordered to be engrossed for a third reading, read the third time, and passed.

The preamble was agreed to.

The joint resolution, together with the preamble, is as follows:

S.J. Res. 94

Whereas the family is and has traditionally been recognized as the foundation of our society;

Whereas thousands of families in our Nation experience sorrow each year because of runaway, missing, or estranged members; Whereas organizations exist which can assist families and missing members in establishing contact with one another;

Whereas estranged and missing individuals should be encouraged to use the services furnished by these organizations or to contact their families directly;

Whereas families should be encouraged to honor the individual member's efforts to communicate and to respect the individual's right to privacy;

Whereas strength of our Nation can be increased through the reunion of families and the reaffirmation of family ties; and

Whereas Mother's Day and Father's Day are times when our citizens celebrate the importance of families: Now, therefore, be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the President of the United States is authorized and requested to issue a proclamation designating Mother's Day, May 8, 1983, to Father's Day, June 19, 1983, as "Family Reunion Month", and calling upon the people of the United States to observe the day with appropriate programs and activities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the joint resolution was passed.

Mr. BYRD. I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, next on my list is Calendar Order No. 126, Senate Resolution 132. I inquire of the minority leader if he is prepared to consider that item.

Mr. BYRD. There is no objection on this side.

SMALL BUSINESS WEEK

The resolution (S. Res. 132) to recognize the week of May 8, 1983, through May 14, 1983, as "Small Business Week" was considered and agreed to.

The preamble was agreed to.

The resolution, together with its preamble, is as follows:

S. RES. 132

Whereas small and independent businesses represent 97 per centum of all business in this country and are the driving force of the American economy and the mainstay of our free enterprise system;

Whereas small business is responsible for creating most new employment opportunities and accounts for approximately 40 per centum of the gross national product;

Whereas small business have substantially maintained employment levels during difficult economic conditions;

Whereas small business originates 50 per centum of all major innovations and technologies and brings these new innovations to market quickly;

Whereas the President has previously issued a proclamation designating the week of May 8, 1983, through May 14, 1983, as "Small Business Week": Now, therefore, be it

Resolved, That the Senate recognizes the achievements and contributions which small business men and women have made to American society, and urges the people of the United States and interested groups and organizations to observe the week of May 8, 1983, through May 14, 1983, as "Small Business Week" with appropriate programs, ceremonies, and activities.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the resolution was agreed to.

Mr. BYRD. Mr. President, I am becoming a little affected with headiness at the ability I am demonstrating today to put the majority leader's motions on the table. I think I will try again.

I move to lay that motion on the table.

Mr. BAKER. Mr. President, I understand debate is not in order on a motion to table, but I would point out to my friend, the minority leader, notwithstanding that, I am more willing for some to be tabled than others.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I inquire next of the minority leader if he is in a position to clear for action by unanimous consent S. 287, Calendar Order No. 124.

Mr. BYRD. Mr. President, as a great admirer of the late President Harry S Truman, I have no objection and no objection can be found on this side.

HARRY S TRUMAN NATIONAL HISTORIC SITE

The bill (S. 287) to establish the Harry S Truman National Historic Site in the State of Missouri, and for other purposes, was considered.

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD:)

● Mr. McCLURE. Mr. President, I rise in support of S. 287. This coming Sunday, May 8, is former President Harry S Truman's birthday. For the man who coined the phrase "the buck stops here" I am particularly pleased to offer my support for this bill. It authorizes the Secretary of the Interior to acquire the former residence of our 33d President at 219 North Delaware Street in Independence, Mo., its contents, and adjacent property which passed to Bess Wallace Truman upon the death of her husband.

After its acquisition by the Secretary, S. 287 provides that this property would thereafter be known as the Harry S Truman Historic Site. It would be administered, preserved, maintained, and interpreted by the Secretary of the Interior as a unit of the national park system by the National Park Service for the enjoyment of the public.

The Truman home at 219 Delaware Street reflects the personality and character of the late President. He and Mrs. Truman lived in it from the time of his marriage to Bess Truman until her death in October 1982. Yet, this unpretentious 2½-story victorian white frame house was known as the "Summer White House" during the Truman Presidency, five Presidents walked through its doors. Decisions of national importance were made there.

We, the Congress, can assure that this historical treasure is preserved so that it will bring the joy of a glimpse into the past for untold numbers of Americans in the future. That is precisely what we would be doing by passing S. 287 today, on the eve of President Truman's birthday.

Mr. President, with regard to S. 287, a bill to establish the Harry S Truman National Historic Site in the State of

Missouri, the Committee on Energy and Natural Resources does not intend that this measure authorize any additional budget authority for fiscal year 1983 than that already available to the Department of the Interior. The committee intends that any fiscal year 1983 expenses incurred from the bill will be absorbed within funds otherwise available.●

The bill was ordered to be engrossed for a third reading, read the third time, and passed, as follows:

S. 287

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That, in order to preserve and interpret for the inspiration and benefit of present and future generations the former home of Harry S Truman, thirty-third President of the United States, the Secretary of the Interior (hereinafter referred to as the "Secretary") is authorized to acquire by donation, purchase with donated or appropriated funds, transfer from another Federal agency, or otherwise, the residence and real property known as 219 North Delaware Street in the city of Independence, Missouri, as passed to Bess Wallace Truman upon the death of her husband. The Secretary may also acquire, by any of the above means, fixtures, and personal property for use in connection with the residence.

Sec. 2. The property acquired pursuant to subsection (a) is designated as the Harry S Truman National Historic Site and shall be administered by the Secretary in accordance with the provisions of law generally applicable to units of the national park system, including the Act entitled "An Act to establish a National Park Service, and for other purposes", approved August 25, 1916 (39 Stat. 535; 16 U.S.C. 1-4), and the Act of August 21, 1935 (49 Stat. 666; 16 U.S.C. 461-467). The Secretary is further authorized, in the administration of the site, to make available certain portions thereof for the use of Margaret Truman Daniel subject to reasonable terms and conditions which he may impose.

Sec. 3. There is authorized to be appropriated such sums as may be necessary to carry out the provisions of this Act.

Mr. BAKER. Mr. President, I move to reconsider the vote by which the bill was passed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

ORDER FOR STAR PRINT— SENATE JOINT RESOLUTION 77

Mr. BAKER. Mr. President, next I ask unanimous consent that Senate Joint Resolution 77 be star printed to reflect certain changes which I now send to the desk.

The PRESIDING OFFICER. Without objection, the request is agreed to.

PERMISSION FOR COMMITTEES TO FILE REPORTS UNTIL 5 P.M., MONDAY MAY 16, 1983

Mr. BAKER. Mr. President, since we are going to adjourn in a few moments, I believe it would be in order to put the next request.

Mr. President, I ask unanimous consent that all committees have until 5 p.m. on Monday, May 16, 1983, to file reports, and reports filed by that time be considered to have been valid in the time permitted by section 402(A) of the Congressional Budget Act of 1974 with respect to fiscal year 1984.

The PRESIDING OFFICER. Without objection, it is so ordered.

PERMISSION TO PHOTOGRAPH THE SENATE CHAMBER

Mr. BAKER. Next, Mr. President, I have a resolution sponsored by myself and the distinguished minority leader. I send it to the desk and ask for its immediate consideration.

The PRESIDING OFFICER. The resolution will be stated by title.

The assistant legislative clerk read as follows:

A resolution (S. Res. 136) suspending paragraph 1 of rule IV of the rules for the regulation of the Senate wing of the United States Capitol to permit a photograph of the Senate Chamber.

The PRESIDING OFFICER. Is there objection to the immediate consideration of the resolution?

Mr. BYRD. Mr. President, I have no objection so long as it is understood that the distinguished majority leader is the one who will take the photograph.

Mr. BAKER. Mr. President, I would relish the opportunity but I must demure to the suggestion.

Mr. BYRD. Mr. President, I withdraw the condition.

There being no objection, the Senate proceeded to consider the resolution.

The PRESIDING OFFICER. The question is on agreeing to the resolution.

The resolution (S. Res. 136) was agreed to, as follows:

That paragraph 1 of rule IV of the Rules for the Regulation of the Senate Wing of the United States Capitol (prohibiting the taking of pictures in the Senate Chamber) be temporarily suspended to conduct, when the Senate is not in session, such tests as may be appropriate for the making of a photograph of the Senate Chamber.

Sec. 2. The Sergeant of Arms of the Senate is authorized and directed to make necessary arrangements therefor.

THE EXECUTIVE CALENDAR

Mr. BAKER. Mr. President, next I have a few items that appear on today's Executive Calendar that are cleared for action at this time. I once more suspect I will suffer the embarrassment, if indeed not the humiliation, of having fewer nominations

cleared on my calendar than the minority leader has cleared on his. But I have come to understand that, even to live with it, though I do not always appreciate it.

Mr. President, the ones that are cleared on this side are Calendar Nos. 130, 131, 132, and 133; all the nominations on page 6 under the Air Force and page 7 under the Air Force and Army, on page 8 under the Army, on page 9 under the Army and the Navy, on page 10 under the Navy and the Marine Corps, and on page 11 nominations placed on the Secretary's desk in the Air Force, the Marine Corps, and the Navy.

Would the minority leader favorably indicate his reaction?

Mr. BYRD. Mr. President, the distinguished majority leader will not be embarrassed today. Only those Calendar Numbers 130, 131, 132, and 133 have been cleared on this side.

EXECUTIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate go into executive session for the purpose of considering nominations on page 4 beginning with Calendar No. 130, the nomination of Mary F. Wieseman, of Maryland, to be inspector general, Small Business Administration; Calendar No. 131, under the Department of Energy; Calendar No. 132, under U.S. Postal Service; and Calendar No. 133, under the Merit Systems Protection Board.

The PRESIDING OFFICER. Without objection, it is so ordered.

Mr. BAKER. Mr. President, will the minority leader object if we consider those nominations en bloc?

Mr. BYRD. Mr. President, I have no objection.

The PRESIDING OFFICER. Without objection, it is so ordered.

Without objection, the nominations are considered and confirmed en bloc.

The nominations considered and confirmed en bloc are as follows:

SMALL BUSINESS ADMINISTRATION

Mary F. Wieseman, of Maryland, to be Inspector General, Small Business Administration.

DEPARTMENT OF ENERGY

Theodore J. Garrish, of Virginia, to be General Counsel of the Department of Energy.

U.S. POSTAL SERVICE

John Lathrop Ryan, of Indiana, to be a Governor of the U.S. Postal Service for the remainder of the term expiring December 8, 1989.

MERIT SYSTEMS PROTECTION BOARD

Maria Lucia Johnson, of Alaska, to be a member of the Merit Systems Protection Board for the term of 7 years expiring March 1, 1990.

STATEMENT ON THE CONFIRMATION OF THEODORE J. GARRISH TO BE GENERAL COUNSEL OF THE DEPARTMENT OF ENERGY

(By request of Mr. BAKER, the following statement was ordered to be printed in the RECORD.)

● Mr. McCLURE. Mr. President, I rise in strong support of the nomination of Theodore J. Garrish to be general counsel of the Department of Energy. On May 4, the Committee on Energy and Natural Resources unanimously endorsed Mr. Garrish's nomination by a vote of 20-0. The committee's vote followed a nomination hearing held on April 25.

Mr. Garrish is currently serving as special assistant to the Secretary of Energy. Previously, he was legislative counsel at the Department of the Interior, general counsel of the Consumer Product Safety Commission, and he has held a variety of other legal positions in the Federal Government. His background also includes 3 years in private law practice.

Throughout his career, both in the public and private sectors, Mr. Garrish has distinguished himself as a capable and dedicated professional. He has unquestionably demonstrated his ability to carry out the extensive responsibilities he will assume as DOE general counsel. I have been particularly impressed by Mr. Garrish's serious approach to the position for which he has been nominated, and his commitment to see to it that laws enacted by the Congress are interpreted and executed properly by the Department of Energy. As Mr. Garrish testified before the committee:

The General Counsel has the singular responsibility to see to it that the legal advice rendered to the Secretary and to the other Department Officers, as well as the legal positions taken in administrative and judicial proceedings, properly reflect the legislative intentions of the Congress without regard to the political views or personal preferences of the General Counsel, the Secretary or the Administration. Secretary Hodel and I have discussed this particular matter, and I am pleased to report to you that he fully expects me to render legal advice on the basis of my best, professional judgment as to what the law is, not what he, I, or others might like it to be. To say the least, I am committed to that approach to the office both intellectually and philosophically.

Mr. President, on behalf of the Committee on Energy and Natural Resources, I am pleased to recommend Senate approval of the nomination of Theodore J. Garrish for the position of general counsel of the Department of Energy. ●

Mr. BAKER. Mr. President, I move to reconsider the vote by which the nominees were confirmed.

Mr. BYRD. Mr. President, I move to lay that motion on the table.

The motion to lay on the table was agreed to.

Mr. BAKER. Mr. President, I ask unanimous consent that the President

be immediately notified that the Senate has given its consent to these nominations.

The PRESIDING OFFICER. Without objection, it is so ordered.

LEGISLATIVE SESSION

Mr. BAKER. Mr. President, I ask unanimous consent that the Senate now return to legislative session.

The PRESIDING OFFICER. Without objection, it is so ordered.

NATIONAL NURSES DAY

Mr. PELL. Mr. President, I rise to bring attention to National Nurses Day, which is being celebrated today, May 6, 1983. There is not one of us who has not needed the competent services of a practicing nurse at many instances during our lives—indeed from our entrance into this world as well as throughout our childhood and adult illnesses and problems—nurses are there. Yet, it is a sad fact that this profession has not received the respect, attention, and thanks that it so richly deserves. Even here in the U.S. Senate, generally when we discuss health we focus on health care cost containment issues, somewhat necessarily, it is true. However, we do so at the expense of concentrating energies on the people who deliver health care on a daily basis with skill, compassion, and unsurpassed dedication.

As we celebrate National Nurses Day, we should focus national attention on the irrefutable fact that our Nation's physicians and health delivery systems could not function without the strong support, aid, and assistance of the nursing profession. Our Nation's nurses perform tasks that go beyond the scientific necessities of treating the ill—they comfort the afflicted and their loved ones during the most traumatic, sometimes painful moments of their lives. They help individuals and families adjust to the unstabilizing effects of hospitalization. They counsel and comfort loved ones regarding the illness of a family member; indeed they pray along with families and friends for the recovery of all their patients.

Mr. President, let us take note today that nurses work under highly stressful conditions. Their caseloads are large, frequently involving life and death decisions. Theirs is a profession which requires high energy and crisp, precise decisionmaking. Given this foundation of their occupation, we must strive to insure that nurses receive professional respect in terms of societal status, monetary rewards, and general recognition of their vitally important functions.

Nursing practitioners undergo a rigorous academic and clinical training prior to serving in our Nation's hospitals, clinics, and physician offices.

They are examined by licensing boards and undergo constant professional peer review. The standards of the nursing profession are exacting, as well as they should be, and it is with great pride and satisfaction that I emphatically point out that nurses live up to and embody these high standards daily. They are and should be models of professional behavior to all of us, including this great body.

In my home State of Rhode Island we have 11,717 registered nurses and 3,695 licensed practical nurses. These 15,412 professionals service a population of 945,761 people. They render a first-class service, I might add. Today, I urge all my colleagues to join with me in saluting this venerable group of professionals. Perhaps by recognizing National Nurses Day, we can begin to focus the Nation's attention to enhancing the nursing profession's status and respect in every way that we can. While that process is continuing and developing, each and every nurse in our great Nation, can find great solace in realizing that they perform a noble and necessary work. They should know this as certainly as their patients know it; without question, their God knows it.

Thank you, Mr. President, for allowing me to speak on this matter.

OBJECTIONS TO NEW HOUSING BILL

Mr. ARMSTRONG. Mr. President, a few days ago the Banking Committee recommended a new housing authorization, a budget-busting subsidy bill which should not even be considered, let alone passed by the Senate.

The U.S. economy is finally staggering out of a recession caused or, at least, seriously aggravated by large Federal budget deficits. But the whole world is nervously eyeing the \$1.2 trillion in deficits projected for the next 5 years with a general fear that such deficits will send our economy into a tailspin and pull other nations down with us.

Under the circumstances, it seems extraordinarily unwise for the Banking Committee to recommend a bill which creates seven new HUD programs, adds billions to projected deficits and, at the same time, fails to protect those who have the most to lose from the failure of subsidized housing programs—the poor and ill housed.

The bill recommended by the committee calls for:

Housing vouchers, similar in concept to food stamps, and with the same potential for explosive cost growth. Although funded for only 60,000 persons in this bill, approximately 12 million people meet the legislative eligibility standards.

Mortgage foreclosure relief, a \$750 million loan guarantee program, on

which no hearings have been held before committee markup.

Rehabilitation and development grants, a program with funding double that proposed by the administration which would permit anyone to receive Federal money to fix up their house, build new housing, and so forth, regardless of income or financial need.

Demonstration projects which overlap and may preempt private sector efforts.

A new public housing policymaking committee, not requested by the administration, nor is the administration represented on the committee.

PHA capital replacement fund, also not requested, for good reason.

No Davis-Bacon reform which could save \$500 million.

A total of \$40 billion in budget authority above the President's request (1984-88), according to the Office of Management and Budget.

A total of \$11.9 billion in outlays above the President's request (1984-88), again, according to the Office of Management and Budget.

A total of \$18 billion in higher guarantee authority for the Federal Housing Authority and Government National Mortgage Administration than was requested by the administration.

A total of \$2 billion more in lending authority for rural housing programs than was requested by the administration.

Increasing subsidized rents to levels 13 percent higher than requested by the administration.

As I review these staggering proposals, I cannot help wondering whether the administration and Congress realize the magnitude of resources already committed to Federal housing. Of the \$363 billion obligated to Federal housing programs, some \$263 billion remains to be spent. We now provide housing assistance to 5.6 million units and 13 million Americans. If Congress did not commit a single additional dollar, another 300,000 units are already authorized to be provided by 1988. I believe Congress would be foolish to authorize additional Federal housing assistance at this time. Yet the administration over the next 5 years projects new housing authorizations of \$47.9 billion over amounts already committed providing an additional 446,000 subsidized units. The Senate Banking Committee then proposes \$40 billion in spending higher than what the administration requested. How can such spending levels, new housing programs, and changes in current programs proposed in the Senate authorization bill be justified in view of existing commitments and the prospect of gigantic budget deficits?

OBJECTIONS TO THE SENATE HOUSING BILL

The history of Federal housing policy amply shows that most housing programs are ill conceived. Time after

time, a program is begun, then expanded, and eventually becomes so large and the problems so manifest that Congress finally comes to its senses and scuttles the program—only to begin new programs. Yet, of course, the bill for the previously discredited programs is left to future generations to pay.

From this perspective, the additional spending and new programs contained in this bill are apt successors to the long line of flawed Federal housing programs. But at a time when the Government cannot afford the housing programs already in place, both the administration and Congress are proposing new programs that, in many instances, are illogical and counterproductive. These new programs contained in this bill include:

First, rental rehabilitation and development grants;

Second, housing vouchers;

Third, mortgage foreclosure relief for the unemployed and the underemployed;

Fourth, Public Housing Accreditation Commission.

Let us consider the details of each of these new initiatives.

RENTAL REHABILITATION AND DEVELOPMENT GRANTS

This program was proposed by the administration in January. In less than 2 months, the Senate Banking Committee has—

Doubled funding for the program.

Dramatically changed the nature and scope of the program. No longer will the program only provide grants to rehabilitate existing housing, but will also provide grants to help develop new units of housing. Moreover, grants need only finance "primarily" residential real estate projects rather than "exclusively" residential property as was first proposed.

Expanded the program so that grants can be provided for acquisition of property, not just rehabilitation.

Authorized assisted units to receive Federal insurance guarantees.

Created a "Secretary's Discretionary Fund" of \$30 million to finance substantially rehabilitated or newly constructed units that was not even requested by the HUD Secretary.

Authorized \$1 million in technical assistance not requested by the administration.

Permitted unspent funds left after terminating the section 312 rehabilitation loan program—another failed housing development program that, ironically, the Banking Committee wants to terminate with this bill—to be transferred to the new "improved" rehabilitation program.

All at a time when the Federal Government is projecting \$200 billion in annual deficits.

Perhaps this new program could be justified if it were tightly written, urgently needed, millions of Americans

were demanding its enactment and offered ironclad guarantees that the money would be spent wisely and efficiently.

Of course this is just wishful thinking. Let me quote from an April 1983 analysis by the General Accounting Office which states that this could lead to subsidies which are:

First, targeted at housing units without adequate consideration for benefiting needy renter households.

Second, have costs higher than necessary to improve the housing conditions of lower income households.

Third, have the potential for significant displacement of lower income households.

Fourth, have little evaluation information available.

While it is true that some GAO concerns were addressed by provisions added to the committee bill, Congress would be foolhardy to commit to this program until each of these concerns are addressed, and GAO, HUD, and OMB verify these potential problems will not occur.

LACK OF FINANCIAL ACCOUNTABILITY

In addition, this rental rehabilitation proposal lacks financial accountability as well. For example, records on incomes of households in determining eligibility or their citizenship occupying rehabilitated housing are not explicitly required by the bill. In a study conducted by GAO of 64 communities which had implemented some previous rental rehabilitation loan programs, only 23 of the communities were able to verify incomes of households benefiting from the rehab program. In addition, these cities used various forms of calculating income limits—if they did keep records—some based on section 8 or some independent method by which income and demographic data was not efficiently kept.

Rental rehabilitation should be specifically targeted to neighborhoods of low-income housing projects. Many of the cities surveyed by GAO were found to have "pockets" of middle-income households which participated in the rehab program. In essence, much of the money was going to other than needy households.

SECRETARY'S DISCRETIONARY FUND

This bill creates a Secretary's discretionary fund of \$30 million, and directs the funds are to be spent for substantial rehabilitated or newly constructed projects.

This slush fund was not requested by HUD. In my view, discretionary funds of this size are inappropriate in Government no matter who is in control. Again, history proves my point.

The section 8 new construction program became notorious for contracts given to developers who, coincidentally, contributed significant campaign sums to reigning politicians. During the previous administration, newspa-

per headlines screamed "Housing and Politics: The Way it Works," "A Donation to Carter Unlocks HUD Dollars," "Friends of the Governor Thrive on Housing Funds," "Politicians Steer Section 8 Profits to Allies." It is interesting to note that on the last day of the Carter administration, HUD released more than \$2 billion in Section 8 contracts out of the Secretary's Discretionary Fund.

In short, providing \$30 million in discretionary funds that can be spent unconditionally can only be labeled as poor public policy.

TARGETING

Federal assistance programs are generally not targeted to help the truly needy, since less than 8.3 percent of all Federal assistance is means tested.

This proposed rental rehabilitation program is no exception and is far from being targeted to those most in need. No income limit is imposed on those who qualify to receive the grants to rehabilitate housing, and for as much as 50 percent of the funds provided there is no income limit on those living in the units once rehabilitated.

This failure to target program works directly against our successful efforts of the past 3 years to insure that future housing subsidies be made available only to the very low income. In fact, one result of this bill is to make some eligibility requirements more generous than in the entire history of the Department of Housing and Urban Development.

The new eligibility standards are at best very complicated to explain, and, incidentally, are radically different from all other HUD eligibility standards that they must now enforce. This new program has not one, but three sets of eligibility standards. First, all grants must be spent in neighborhoods whose median incomes are less than 80 percent for the area. Literally thousands of neighborhoods across this country would meet this standard. How can the Government insure that the most needy neighborhoods will receive priority funding?

The next standard of eligibility is even more faulty. This bill specifies that 70 percent—and in some cases 50 percent—of benefits must help those earning less than 80 percent of median income, or about 30 million families. But what happens to the rest of the money?

Thirty percent of this assistance could potentially go to anyone regardless of income.

For example, a wealthy individual who wants to renovate a townhouse in a blighted Washington, D.C., area could receive a grant to renovate his property, and then live in it. Although this is not likely to happen, the fact is this bill permits opening the door to such schemes.

Yet the story does not end here.

The eligibility standards take even a more tortured twist. The bill states that when a multifamily project is granted approval for assistance only 20 percent of the units need be made available to lower income families. There is no income limit for those living in the rest of the units. In the past, the General Accounting Office has repeatedly told Congress that these so-called partially essential projects are the most expensive and inefficient use of housing subsidy.

Now for the final blow. Newly built units which are part of this program and are subject to a rent control system that—incredibly—provides proportionately greater tenant subsidies to moderate-income families and less to very low-income families.

Absurd? Yes.

Illogical? Yes.

Included in the committee bill? Yes.

QUADRUPLE SUBSIDIES

It is a mistake for Congress to review any single Federal housing program in isolation. Almost all Federal housing programs are overlapping or attempt to patch past programs. Section 202 low-interest loans build units for elderly persons assisted under section 8. Farmers Home Administration low-interest loans build units assisted under several types of housing subsidies. Section 8 new construction units receive guaranteed tenant income, lower cost construction financing, and often have federally backed mortgage insurance.

This new program is no exception. In fact, this program could be coupled with at least three other forms of direct Federal subsidy. In summary it is conceivable that an owner may rehabilitate a unit of housing and not put a single penny of his own money or be exposed to any risk of default. Here is how:

This bill allows grants to supply up to 50 percent of the cost of rehabilitating a unit yet if this is not enough an owner can apply for another grant for another 50 percent of the cost from any other Federal program, including the community development block grant. Once built, a tenant living in such a unit is eligible to receive direct tenant subsidy available under a new section 8 program created under this bill (see the "housing voucher" section of these views). If the unit is newly constructed, it is also eligible for tax-exempt financing. Finally, the mortgage can be 100 percent insured by the Federal Government so that the owner faces little if any economic risk for default. How could the Government be more generous?

NEW CONSTRUCTION

Although the administration does not request such authority, the bill permits grants to help build new units of housing despite the Federal Government's past proven inability to build inexpensive, low-cost housing.

Congress terminated new starts for the section 8 program for this very reason. Even Congress—which rarely says no to extravagant uses of tax dollars—realized that the section 8 new construction program was a horrible mistake.

Now just a few months after terminating section 8, Congress is about to embark on a wholly new program.

Why does Congress so abjectly fail in its efforts to build new housing? Here are a few reasons:

First. New housing is built under the rules of Davis-Bacon, meaning that labor costs are usually far higher than labor costs for other types of housing.

Second. Congress never initially authorizes or appropriates enough to build a new unit, so the new units either run deficits—which future Congresses will be required to make up—or Congress has to fork over more money up front to get the project built.

Third. Numerous Federal rules govern construction of new housing, and compliance increases costs. For example, housing must be built according to standards written in the National Environmental Policy Act.

Fourth. These rules discourage owner-developer participation. To offset this, HUD must offer other inducements to encourage participation, and that only increases costs. For example, under section 8 new construction, developers were required to invest little, if any, of their own money in the project.

There are other factors far too numerous to mention that drive up costs for building Federal housing. Congress will live to regret a decision to use this program to provide units of new construction.

INTERFERES WITH PRUDENT FEDERAL-STATE-LOCAL GOVERNMENT RELATIONSHIPS

This bill contains a rather curious provision that if a State or local government chooses not to administer this new program—and I would think most would have every reason not to—then the Secretary of HUD must administer the program for the State. If a State or community has elected not to participate in the program, the Federal Government should have absolutely no business in initiating such a scheme in a local community.

Some of those to whom I have expressed these concerns say we need not worry since "after all, it is only \$300 million."

History mocks this contention. When section 8 began in 1974, it did so with an initial appropriation of just \$42 million. In less than a decade, Congress committed \$150 billion to this discredited program.

If the Senate fails to kill this new program, in all probability a future Senate will have to, but only after billions will have been spent needlessly and foolishly as we have done so many

times before. Why have we never learned from these lessons of the past?

HOUSING VOUCHERS

Another new housing program included in this bill is the modified section 8 existing housing assistance program.

This program is being sold as the efficient, modest, affordable, and equitable way to replace the horrible section 8 new construction program.

That sort of sales job only increases my apprehension. After all, that is exactly the way section 8 was sold to Congress as being efficient, modest, affordable, and equitable way to replace the section 236 program, which replaced the section 221 program, all of which are in addition to the public housing program, the section 235 program, rural housing, college housing, et cetera.

The question I have is this: Will those who are in the Senate 10 years from now scratch their heads and ask what in the world were we thinking of when we created this monster?

I believe the answer is yes. Here is the way this program works. Public housing authorities will provide certificates, or vouchers, to eligible families to cover the difference between 30 percent of their adjusted income and the cost of a rental housing unit. A "payment standard" based on the rental cost of modestly priced standard quality housing of various sizes and types in a particular area would be used in combination with the family's income to determine the amount of Federal subsidy to be provided. A participating family could choose a unit with a rent above the payment standard, but the family would not receive any additional subsidy and would absorb the additional cost. A family could also choose a standard quality unit with a rent below the payment standard and would be able to retain the savings. Thus, families would be able to decide for themselves how much they are willing to pay in order to live in better housing units or neighborhoods.

This program is being sold as the best way to reduce Federal housing costs on the theory that it is cheaper than section 8. Proponents argue that under section 8, landlords have raised rents to match rent levels the Federal Government is committed to subsidize. Under the HUD proposal, the opportunity for tenants to negotiate rent levels should hold down rents and subsidy levels—in theory.

Sounds good, right?

Consider the following facts:

This program will only save money if the so-called payment standard is lower than the fair market rent standard. It is true that in proposing this program, HUD developed a payment standard that is likely to be lower than the currently used fair market rent standard.

But what did the Senate Banking Committee do less than 2 months after the proposal was sent to Congress? It liberalized the payments standard, and made the subsidy more generous? Here's how:

First, it set payments and fair market standards at levels 13 percent higher than levels initially proposed by the administration.

Second, it allows public housing authorities to set rents 20 percent higher than levels projected by the administration. Then the bill allows PHA's to retain 50 percent of the rent savings resulting from tenants finding units below the payment standard, and tenants may have less overall incentive to find cheaper housing, and projected savings may not materialize.

It is interesting that this approach by the committee funds fewer units, but at subsidies substantially greater than the administration proposes. Keep in mind this is only 2 months after the proposal was submitted. If the past is any lesson, future Congresses will enact more generous subsidies and expand the number of units provided.

Just take a look at the eligibility standards the bill provides. Although the committee used an eligibility standard that is now used for housing programs, literally millions of families will meet the proposed eligibility standard of 50 percent of median area income.

While millions are eligible, the initial administration proposal proposed funding 80,000 units of housing with this new certificate program. This is only a drop in the bucket of potential need as defined by the bill. There will soon rise a great clamor by public housing authorities and tenant organizations for more certificates, higher subsidies.

These certificates are extremely valuable. Some Americans pay more than 50 percent of their gross income for housing. But from the many eligible, the lucky few who receive assistance could pay only 30 percent of adjusted income for rent. To give such a gift to some eligible families but not others is grossly discriminatory. Congress is likely to resolve such a dilemma by agreeing to expand the program to all who qualify even though the taxpayers are already assisting some 13 million Americans. The bill, in effect, creates an ocean of demand and irresistible political pressure to fulfill that demand.

MORTGAGE FORECLOSURE RELIEF ACT

By a vote of 11 to 7, the Banking Committee, without benefit of hearings beforehand, approved the "unemployed and underemployed" mortgage default assistance program. This \$750 million Federal loan guarantee program provides a second mortgage for a homeowner to make his first mortgage loan payments—in other words, a Gov-

ernment bailout for a homeowner unable to make monthly mortgage payments.

Like other Federal housing assistance programs, this mortgage assistance program also is not targeted to the needy. No income or asset test is required to qualify; in fact a homeowner need only have "incurred a substantial reduction in income as a result of involuntary unemployment or underemployment." The definition of "underemployment" is left to the imagination, since the bill does not define it. In addition, no limit exists for the amount of the first mortgage which homeowners can have and still be assisted. For example, a wealthy homeowner with two homes, several cars, and other assets could still qualify for this Federal loan guarantee.

While I applaud the spirit which motivates Senators to propose legislation to help those strapped by mortgage payments they are unable to make, this legislation is likely to do more harm than good for those intended to benefit from this assistance.

The program actually provides an incentive to mortgageholders to foreclose. The program requires lenders to indicate an intent to foreclose in order for homeowners to be eligible for the guarantees. Also the bill essentially encourages a debt-strapped homeowner to take on further debt only digging a deeper hole of debt. For example, a homeowner with a 13-percent mortgage for 80 percent of the average existing home price of \$68,000 would be paying \$604 per month. After being assisted by this program he would owe \$819 per month, an increase of 35 percent in debt payments.

Moreover, the total loan value would be in excess of 100 percent of the purchase price. This greatly increases the probability of ultimate foreclosure on the home. The result—this program may actually create a Federal grant to delinquent homeowners program, not simply a loan guarantee program. By increasing the total debt on the home beyond conventional bank lending standards, the risk of a direct Federal outlay occurring is very high.

THE PUBLIC HOUSING AUTHORITY ACCREDITATION COMMISSION

The Senate bill also contains a new accreditation commission—section 304. The bill assigns to this privately appointed Commission authority to set and administer standards for accreditation of public housing agencies. The Commission would act as an independent entity empowered to formulate standards and administer accreditation for public housing authorities and at the same time be subject to the Department of Housing and Urban Development, subject to the HUD Secretary.

This arrangement is unworkable and violates the appropriate and proper roles of the Department of Housing

and Urban Development in overseeing the use of Federal funds and to assist public housing authorities in their management. Although ostensibly under HUD, the Secretary would have no role in Commission appointments, no control over use of personnel, no control over use of funds or involvement in establishing performance standards or participation in the accreditation processes. The Secretary could only approve or reject the final draft before it is published in the Federal Register. We already have an agency, HUD, with the authority, matched with responsibility and accountability to the President and Congress. Why do we want to diffuse the administration of public housing with little or no responsibility to HUD or Congress?

Furthermore, this proposal would at best interfere with the past progress made in developing an efficient, workable certification process currently in operation. The establishment of performance and accreditation standards is a tested, accepted procedure which has been developed by HUD and voluntary associations with the case of expert panels and individual professionals' assistance. It is difficult to predict the decisions of this Commission—but on thing is clear: it would destroy the years of cumulative work in developing the new existing structure.

In addition, from a philosophical perspective, the Commission creates bad Federal precedent. Unlike many study commissions created by Congress, this one has both operating and regulatory functions without proper accountability. A privately appointed commission would regulate and set standards for Federal assistance programs. This Commission would also accredit other units of Government and perform other Federal functions and decisionmaking. Such a delegation is poor policy.

It is not surprising the National Association of Housing and Redevelopment officials (NAHRO) have voiced strong opposition to the proposal. This organization which works closely with public housing authorities across the country decisively rejects the proposal.

EXPANSION OF EXISTING PROGRAMS

This bill also makes costly changes to current programs which will—

Result in outlays by 1988 \$1.3 billion higher than the administration projects even though the same number of units will be assisted. The committee bill establishes a new fair market rent system to determine subsidy levels. The effect will be to raise fair market rents 13 percent above the administration's proposed levels.

Not count food stamps as income in determining either eligibility for housing or the amount of housing subsidy to be received.

Prohibit the inclusion of housing assistance in determining eligibility for all other domestic assistance programs, an issue not properly within the jurisdiction of the committee.

Accelerate spending in the community development block grant program by permitting local governments to draw down grant funds by demand rather than according to spending need.

These are just a few of the many undesirable changes to current programs included in this bill. But two issues deserve also close scrutiny:

First, proposed changes in income eligibility and,

Second, failure to repeal Davis-Bacon as it applies to Federal housing.

INCOME ELIGIBILITY

This bill makes a major change by adding a little noticed provision to exclude the value of housing assistance from tenants' income for the purpose of any other Federal law. Although few in words, this change has extensive impact. The provision is clearly a substantive change to all domestic assistance programs including those not within the jurisdiction of the Banking Committee. For example, this change affects the aid to families with dependent children (AFDC) program. This program is in the Finance Committee's jurisdiction, and this change is opposed by both the chairman and the ranking minority member of the Senate Finance Committee. Let me quote from their December 8, 1982, letter to the Banking Committee:

The treatment of income is perhaps the most fundamental element of a public assistance program.

Clearly, Congress made an important policy decision when it adopted the Administration proposal permitting states to count housing subsidies as income. Currently, two states (Oregon and North Carolina) have elected to utilize the offset. At least 10 additional states count housing assistance in the form of cash payments as income. Repealing the option would have a disruptive effect on these states and their AFDC programs. It would also be a violation of the principle this Committee has followed when considering changes to income maintenance programs; that in a time of scarce resources, federal benefits should be targeted to those most in need and that all resources available to the family should be considered when determining benefit amounts.

In addition to the exclusion of housing assistance as income for purposes of determining eligibility and assistance for other Federal programs, the bill excludes the counting of food stamps as income in determining housing eligibility. Clearly, food stamps are in kind income that have cash value and should be included when determining housing subsidy eligibility.

DAVIS-BACON

Not only is the bill deficient for what it contains, it is also deficient for what it does not contain—namely, repeal of the Davis-Bacon Act.

Davis-Bacon sets Government dictated wage and hour guidelines and, in almost all cases, substantially increases labor costs. The Davis-Bacon Act applies to Federal construction projects, including the construction rehabilitation and maintenance of assisted housing projects.

Huge savings would occur if Davis-Bacon were repealed across the board, and particularly if Federal housing were exempted. Consider the following:

The General Accounting Office, which advocates outright repeal, estimates that for each 100,000 newly constructed or substantially rehabilitated units of housing Davis-Bacon increases costs \$160 million. Since 800,000 new section 8 units have been built, cumulative savings had Davis-Bacon been repealed would be \$1.28 billion—money that could have been saved, or alternatively, provide additional housing the elderly or handicapped.

GAO recently studied HUD's section 8 rental assistance program. In their report they stated, "various Federal, State and local officials and developers told us that the act significantly increased the cost of the section 8 new construction program in particular areas." Two areas specifically noted were southern California where cost increases due to the act were estimated from 5 to 15 percent and Pennsylvania where the estimated cost increases ranged from \$1,000 per housing unit to 15 to 25 percent for the entire project.

The National Homebuilders Association has estimated that at least 10 percent of the development costs of HUD programs will go toward higher construction and administrative costs because of Davis-Bacon. HUD-funded housing aid covered by Davis-Bacon is approximately \$4 billion. If we repealed Davis-Bacon for all HUD programs, including section 8, new construction, rehabilitation, and public housing programs for 1982, homebuilders estimate a savings of Federal dollars of \$407.5 million in the first year alone.

Many other problems exist with Davis-Bacon, and it continues to be impractical to administer. The GAO charged that the Department of Labor has failed to consistently determine permissible Davis-Bacon wages, and have not developed an effective system to plan, control, or manage the data collection, compilation, and wage determination functions.

Davis-Bacon discourages the efforts of minorities to enter the construction crafts, says GAO. Davis-Bacon discriminates against minorities for three reasons: First, the concept of a minimum rate; second, high apprentice rates; and third, discouragement of minority contractors.

If there was no minimum rate, contractors could, in many instance, give up the expertise and expense of the

skilled craftsman in favor of the inexpensive unskilled laborer. The act discourages the use of minorities on Federal construction projects. Apprentice rates are often set so high as to favor use of the more skilled journeyman over the apprentice. Minorities have used categories such as helpers and trainees as a major means of entry into the construction industry when not barred by Davis-Bacon.

The Department of Labor's disposition toward union rates discourages minority contractors, a vast majority of whom are open shop, from bidding on Federal projects. This not only hurts minority employment, but also contradicts Federal procurement policies aimed at encouraging minority enterprises.

During testimony before the Senate Labor Subcommittee in late April, Chicago housing authority commissioner, Renault A. Robinson, outlined the outrageous Federal pay scales of housing authority maintenance employees.

"We did a survey last year," Robinson told subcommittee Senators, "to determine how much overtime we paid to our 216 elevator mechanics. We spent, in a 10-month period last year in overtime alone—not counting the regular 40-hour week—\$3 million. The highest employee took home \$80,000 in overtime. Now if you figure that out, he never slept, he just stood there in the elevator."

HISTORY OF FAILURE IN FEDERAL HOUSING PROGRAMS

Since 1937, more than \$360 billion has been committed to Federal subsidized housing; 90 percent of this enormous sum was obligated in the last 8 years alone. Some 13 million Americans live in 5.6 million subsidized units. By this standard, Congress might appear to have been sensitive to the poor. On close inspection, however, the facts show Federal housing is not only insensitive to the poor, but is also intellectually and fiscally bankrupt.

From 1937 to 1969, public housing was the major Federal housing program. Construction of the units was federally financed, and local public housing authorities (PHA's) operated the units. Because of the low-cost financing, rents were reduced, and made available to the poor. No Federal operating subsidies were used, and virtually all PHA's met their costs, and even established reserves to meet replacement and emergency costs.

Yet concerns were raised that this system created instant public housing ghettos, and that tenants paid too much of their incomes for rent. Rushing to the rescue, Congress enacted requirements that tenants were to pay no more than 25 percent of their income toward rent. While assisting tenants, this reduced the operating

income of PHA's, so Congress created another new program—PHA operating subsidies designed to keep PHA's solvent.

This cure proved almost worse than the disease, however. By 1975, all large PHA's had exhausted their reserves, operating deficits mounted forcing Congress to enact larger and larger operating subsidies. We are to the point now where last year there were 383,000 units located in PHA's that were financially distressed to the point of bankruptcy.

PHA's have not rented units that have become vacant because they lack the money to do so. Incredibly, PHA's have told congressional committees that they are thinking about boarding up additional units that are currently occupied.

In the sixties, Congress was not just concerned about excessive tenant contributions to rent. It also wanted to stimulate private ownership of subsidized housing—in itself a noble goal. So Congress launched a series of rental subsidy programs that directly subsidized owners and landlords renting to low-income tenants. Again, the cure proved worse than the disease. The costs and inequities of these programs—known as sections 235, 236, and 221 programs—led to critical reports by the General Accounting Office. Costs rose so high that a Presidential impoundment of the funds was ordered. Even so, today Congress still funds commitments made under these programs, and will continue to do so for the next decade.

In 1974, Congress approved a new housing program—section 8. This program rose like a phoenix out of the ashes of the previously discredited programs. It was hailed as the solution to the Nation's low-income housing problems. It was said the new program borrowed all the best features of earlier housing programs. But from the start, section 8 proved ill conceived, poorly managed, and scandalously costly. Its initial appropriation was modest—only \$42 million. But in 8 short years Congress committed to section 8 more than \$145 billion. Some 1 million units were built or leased, and 200,000 are awaiting occupancy. The Congressional Budget Office at one point estimated that a newly constructed section 8 unit could have a lifetime cost of more than \$500,000. Eligibility was so broad that 40 million Americans—a GAO figure—were eligible for the subsidy. Abuses abound. Published reports documented that section 8 was a program for the "greedy, not the needy." Elaborate housing was built that lined the pockets of the developers at the expense of the poor. Other scandalous practices were reported:

Section 8 contracts were given to developers who, coincidentally, contrib-

uted significant campaign sums to reigning politicians.

Illegal aliens were housed in subsidized units.

Those with incomes exceeding section 8's already broad eligibility standards lived in units built for the poor.

Newspaper and magazine headlines screamed "Billion Dollar Nightmare at HUD," "Very Poor Last in Line to Receive Federal Housing Assistance," "Taj Mahal in New York: Symptoms of Rent Subsidy Headaches," "Housing and Politics: The Way It Works."

In 1982, Congress finally woke up to the horrors of section 8, slashed funding for new commitments by 40 percent, and adopted program reforms.

Even with these desirable changes, the fact remains that in future years Congress will have to spend more money to bail out this program. Poor budgeting and dismal planning plagues section 8 with a huge unfunded liability—estimated by the Congressional Budget Office to be as large as \$50 billion—just to keep existing section 8 units available to the poor.

SPENDING ALREADY COMMITTED TO FEDERAL HOUSING

Before embarking on new housing adventures, this Congress must understand exactly what our situation is today after this long history of housing programs. We need to understand what we have already committed and the obligations that have already been fastened on the taxpayers, both in direct, defined commitments as well as the other unfunded obligations that have been built into our structure.

Of the \$363 billion Congress has committed to Federal housing programs, less than \$90 billion has been spent. That means that if Congress did not commit an additional dollar to these programs, at least \$263 billion is obligated to be spent over the next 40 years—quite a legacy for future generations to pay.

Even these figures understate costs since they do not take into account the value of special tax advantages and Federal financing often associated with housing programs, nor does it include future funding that will be necessary to finance deficits in housing already provided.

This year there are 5,680,000 units of housing which are directly subsidized—either in direct tenant subsidies or low-interest loans—by the Federal Government, housing about 13 million people.

In addition, another 364,805 units are not yet occupied for which Congress has previously obligated the Government to build. Again, if Congress does not commit any additional money and only fulfills present obligations, 360,000 units of housing will be provided this decade.

Using President Reagan's 1984 housing budget assumptions, in the next 5 years, the Government will commit

another \$25.9 billion in new long-term spending for programs within the Department of Housing and Urban Development. This additional \$25.9 billion will provide financing for another 234,000 units. But that is not all. The Department of Agriculture's Farmers Home Administration proposes to commit an additional \$22 billion to its low-income housing programs and that will provide an additional 212,000 units.

Even these budget figures do not tell the full story about future spending. These figures fail to reflect the overly optimistic assumptions of the President's budget in revealing the potentially large deficits in housing programs. Current housing policy makes it impossible for public housing authorities to meet their spending obligations and their only recourse is to seek assistance from the Federal Government. Also, as a result of Congress initially failing to provide adequate resources to finance the section 8 and other housing programs, Congress will be forced to appropriate more money to keep already subsidized housing projects in operation.

Contrary to the prevailing wisdom in Congress and the media, there have not been and will likely not be any actual budget cuts in housing programs during the first term of the Reagan Presidency. These are the facts:

Housing outlays have and will continue to increase each year during President Reagan's first term.

At least 1 million additional subsidized units will be occupied between 1981 and 1985.

Between 1985 and 1988, another 163,000 units will be occupied—not counting increases in units provided through rural housing programs.

It is true that the spending totals proposed by the administration and provided in the committee bill are much lower than those proposed during the 1970's. It is also true that in 1981, during the heyday of cutting taxes and spending during the so-called Reagan revolution, the Congress did reduce by \$23 billion the spending commitments proposed by President Carter for new housing and community developments to be made in 1981 and 1982. But these reductions will not show up in actual outlay reductions until 1984 and 1985. That is because as much as 3 years lapse between the time Congress appropriates funds and the time the money is actually spent. While there were other spending restraint changes—increasing tenant contributions to rent, for example—these will take as long as 5 years to become fully effective.

The bottom line is this: The total savings realized from spending restraint will not reduce Federal outlays during President Reagan's first term.

But even with full implementation of all budget savings, Federal outlays will still rise each year this decade.

Incredibly, the spending cuts in Federal housing programs constituted 52 percent of total budget savings in the first year of the so-called Reagan revolution that was to achieve a balanced budget by 1984.

Yet, I believe a strong case can be made that rather than reduce spending in Federal housing, Congress and the administration actually accelerated spending by authorizing additional financing subsidies for 74,000 new units of housing that otherwise would not have been built.

In sum, Congress has to date committed \$363 billion to Federal housing and almost all of that since 1970. Less than \$90 billion has been spent to meet these obligations leaving future generations at least \$263 billion to pay, assuming no additional commitments are made and that projected deficits do not materialize. Five million units are already subsidized, and by 1988, 6.3 million units will receive subsidy. And far from cutting actual spending, the Congress has, at best, only slowed future increases in spending.

ACTUAL AND POTENTIAL UNFUNDED OBLIGATIONS IN FEDERAL HOUSING

A review of commitments to housing to date still does not tell the whole story of where we stand today on public housing. We must go further and understand HUD budgeting practices which have now created a huge unfunded liability. This has come about through three major practices: First, amendments; second, project reserves; and third, rent supplement programs. They add up to a colossal faux pas in Federal housing policy and add billions in unfunded obligations whose magnitude cannot be accurately measured.

AMENDMENTS

This innocuous sounding budget concept is the cover used to hide billions of dollars in cost overruns run up in the construction and rehabilitation of federally subsidized units. The sums involved are large. Since 1978 alone, some \$20.5 billion in amendment funds have been committed by Congress. Additional billions will be needed in the future. In fact, this bill alone provides at least \$3 billion in long-term spending for cost overruns. The need for amendment funds originated as follows:

In the past, Congress has told HUD that it must build a certain number of units, and theoretically Congress provides adequate authorizations to build those units. HUD then allocates the money to build the congressionally determined number of units. Yet, these authorizations in virtually every case have been insufficient to pay for the unit—but HUD has already committed the Government to build the unit.

Therefore, HUD has no choice but to ask Congress to fork up more money—the so-called amendments—to pay for the previously authorized unit.

Here is an example. Suppose HUD in 1980 entered into a contract with a developer for a section 8 contract. HUD then reserves a certain amount of budget authority—that Congress mandated—for this project. For a variety of reasons, construction will not begin until 1982. In the interim, costs have increased, and the developer cannot build the project for the money initially reserved. So HUD has to reserve additional budget authority for these past projects, and the authority is reflected in requests to Congress in the form of additional amendments.

This policy is nothing more than a shell game. HUD submits and Congress approves the budget supposedly with enough funds to build a certain number of units. Often these estimates are underestimated. But it serves the political purpose of reducing, although deceptively, full program costs. Only much later will Congress pay the full bill for previously authorized units, once the commitments are made.

Second, knowing that amendment money is always available, there is little incentive for developers to reduce costs. Keep in mind that developers frequently are paid on the basis of a percentage of the costs of the total project. Thus, the more dollars, the greater the percentage, the greater the need for amendments.

According to HUD, all of the 800,000 section 8 newly constructed units have required additional amendment funds before they could be built. Therefore, repeatedly Congress has initially understated total costs and then deceptively escalated the authority allocated to these units by using future amendments to cover the actual costs.

PROJECT RESERVES

Even with the cost overrun amendments just described, total housing costs are still understated because Congress has not provided enough money to pay future costs. In fact, this bill proposes to begin the first wave of what will likely be a tidal wave of additional dollars that Congress will be asked to commit just to keep currently occupied section 8 units operational. In part, section 8 units are financed on the project reserve concept. HUD takes the first year costs of operating a project—total rents, maintenance, repair, and other expenses—and multiplies these costs times the number of years for the contract, usually 20 years.

Yet over the course of a 20-year period, costs will rise. These additional costs are paid out of the project reserve. This reserve is the income derived from tenant contributions to rent. The theory underlying this practice originated from tenant rent con-

tributions which will rise with inflation and along with other increases in operating costs.

Like so many theories that comprise Federal housing policy, this project reserve theory is beginning to crumble. In reality funds used in some project reserves have been diverted to other than intended purposes, tenant income and their contributions to rent are not likely to rise with inflation. In addition, other economic assumptions used to determine project levels may be overly optimistic.

For the first time this year, HUD was forced to request that Congress appropriate an additional \$6.7 million in 1984 for project reserve funds. The administration now projects that it will have to spend at least \$75 million in each of the following 4 fiscal years to keep project reserves adequate and housing projects solvent.

Moreover, I am informed these figures also are underestimated . . . the potential for future project reserves required in each of the next 25 years may be large. HUD is now conducting an intensive review to determine the amount needed for project reserves.

The bottom line is this: Congress is foolish to begin even one, let alone seven new programs and to expand further funding for current programs when we face the prospect of spending billions just to keep the doors open for currently provided housing.

SECTION 236 RENTAL ASSISTANCE PROGRAM

Because of horrible mistakes made when the section 236 rent supplement program began in 1968, the Federal Government faces a potentially huge unfunded liability that the Federal Government is responsible for, and eventually must pay.

Rent supplement and the rental assistance programs were created without an adequate mechanism to pay for future cost increases. Because most projects are insured by the Federal Government against default, the Federal Government is responsible to pay obligations if defaults occur. The effect of this deficiency is to expose the Government to large risk in the future.

To its credit, the administration foresaw this problem, and the 1984 budget proposed a solution that would reduce the Government's risk. This solution, however, is not included in the Senate committee bill.

The administration proposed ending the rent supplement rental assistance program, and converting all insured units to the section 8 program. Specifically, the administration wants to recapture all unspent funds in the section 236 program, convert these funds in the section 8 program, and use the converted funds to pay for currently nonbudgeted rent and cost increases in the section 236 units. After these costs were properly financed, HUD pro-

posed Congress rescind the left-over funds. This conversion would apply only to insured projects; noninsured projects—those projects financed by State housing finance agencies—would be responsible for funding future cost increases that are above amounts funded by HUD.

The Senate bill rejects this approach. Instead, the bill requires HUD to offer increased subsidies to cover future cost increases of all rent supplement units, including both insured and noninsured projects. Because it is optional, not mandatory, for the project sponsor, few conversions would result and for a number of reasons. Yet, while the committee bill creates the obligation, it does not provide enough money to meet this obligation. Depending on which economic assumptions are used, Congress in the next 30 years may need to commit \$8 billion in new money to keep the rent supplement operational if conversions do not result. The committee bill authorizes \$3.2 billion to meet this and—important to note—other future obligations. So under the committee bill, the unfunded obligations by the Government is at least \$5.4 billion, and potentially more, depending on how much of the \$3.4 billion authorized by the committee is spent on rent supplement and rental assistance amendments.

SUMMARY

Experience teaches us that public housing legislation leads to uncontrollable costs, waste, abuse, and failure. Congress should never again pass new housing legislation without careful study, extensive hearings, and full debate along with an extensive review of previous programs and critical evaluation of how they are working. This legislation has not undergone anything resembling such scrutiny.

The defects in this bill are only a few that I have identified after only a cursory review of its provisions. I could discuss at length other undesirable provisions, the huge increase in lending authority for rural housing, the Federal Housing Administration and the Government National Mortgage Administration, the provisions for a new, capital subsidy and replacement fund, defects in the method for computing public housing operating subsidies, the inclusion of a new rural housing preservation grant program, the liberalization of the prohibition against providing assisted housing to illegal aliens. It seems like an endless list.

But my basic point is this. The bill cannot and should not pass bearing any resemblance to its present form. Why then are proponents arguing for its passage?

Here are a few arguments I have heard for the bill. "The Senate bill is better than the House bill." That is true. The Senate bill has half to two-thirds the spending levels in the House bill. But that alone is no reason to pass this bill. In fact, the opposite is true. It is reason to defeat this bill so that no version of the House bill will pass.

I have also been told, "We have to pass this bill because the House is holding hostage the International Monetary Fund bill until successful adoption of a housing authorization legislation." If true, the Senate should reject such flagrant extortion. Committing an additional \$21 billion in new spending as the price to help international governments keep their loan agreements is absurd, and a price I am not prepared to pay.

I have also heard that, "We must pass this bill. After all, we have not had an authorization bill in 2 years." So what? Then there is, "If we do not pass an authorization, the Appropriations Committee will do so anyway." Maybe, but again, no reason to pass an absurd bill now.

Finally, there is the argument that there are urgent unmet housing needs to fill. Yes; it is true. But no matter how many billions Congress spends, it will never be able to fully satisfy those needs. And it surely never will if Congress continues to blindly and unthinkingly spend money on untargeted rehabilitation grants, Davis-Bacon, and subsidies for the wealthy.

It is easy to oppose legislation, and not propose constructive alternatives. What housing policies do I endorse? Here is what I think should be done immediately:

First, full recapture of every unspent and uncommitted dollar within the Department of Housing and Urban Development and Farmers Home Administration.

Second, inventory every Federal housing project in the United States and the territories. Determine which units that we are now paying for that are either uninhabited or in need of serious repair and determine how much is needed to bring each unit to an acceptable level of habitability, using local standards as the benchmark.

Over the next 5 years, as many as 100,000 units of public housing which the Federal Government is financing will be either uninhabited or should be abandoned. Why build new housing, or provide additional housing until these units are demolished, renovated, or paid for?

Third, determine future levels of spending that will be needed to erase

current or projected deficits. Right now, two-thirds of all units are located in public housing authorities that are near bankruptcy. What needs to be done to erase these deficits, replenish reserves, modernize their housing stock, and make them energy efficient and less costly?

In the future, almost all long-term section 8 newly constructed units will have to have additional appropriations beyond what is already committed. Using intermediate assumptions, what are the projected deficits? Can recaptured funds be held in reserve to pay these obligations?

Fourth, immediate repeal of Davis-Bacon and other regulations responsible for increased costs, including the National Environmental Policy Act as it applies to subsidized housing, the use of Federal Building Code standards, et cetera.

Fifth, provide no additional subsidies until we know for certain we have reduced waste, targeted assistance to the needy, and are fully able to meet current and future obligations.

Sixth, of course, the best housing policy is one that would help permanently to lower interest rates. To keep interest rates down we must reduce the future deficits now projected. Rather than freeze spending levels, this bill actually increases spending and thereby does nothing to solve our country's basic economic problems and opens the door for future increases in interest rates.

In the meantime, I urge defeat of this housing authorization legislation.

Mr. President, I ask unanimous consent to have printed in the RECORD statistical reports which emphasize the concerns I have expressed.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

APPENDIX.—DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT COMPARISON OF BUDGET AUTHORITY AND OUTLAYS CARTER BUDGET, REAGAN BUDGET AND ACTUAL

[In millions of dollars]			
	1981	1982	
Budget authority:			
Carter	\$38,390.9	\$38,209.0	
Reagan	32,830.7	23,040.8	
Actual	33,350.4	20,084.7	
Outlays:			
Carter	13,304.9	15,507.4	
Reagan	14,082.4	13,934.8	
Actual	14,033.4	14,490.6	

Outlay increases in 1981 were due primarily to interest rates increasing and remaining at substantially higher levels than projected for the balance of the year. For 1982 the Reagan Budget projected lower interest rates which did not fully materialize.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SUBSIDIZED HOUSING PROGRAMS, UNITS ELIGIBLE FOR PAYMENT/TOTAL UNIVERSE INCLUDING PIPELINE, 1980-84

	1980		1981		1982		1983		1984	
	Units eligible for payment	Total universe	Units eligible for payment	Total universe	Units eligible for payment	Total universe	Units eligible for payment	Total universe	Units eligible for payment	Total universe
Public housing	1,192,000	1,372,611	1,204,000	1,428,810	1,224,000	1,359,006	1,250,000	1,326,006	1,255,000	1,285,877
Section 8:										
New/sub rehab	333,153	739,168	474,465	790,464	571,298	802,179	651,298	807,154	724,298	808,154
Existing	781,949	873,318	844,462	973,515	955,385	1,071,701	1,128,504	1,229,847	1,393,959	1,398,288
Rent supplement	164,992	164,992	157,779	157,779	153,355	153,355	80,000	80,000	15,000	15,000
Section 236	377,285	382,088	376,206	376,206	361,931	361,931	356,000	356,000	347,000	347,000
Section 235	219,452	227,652	240,539	264,739	241,927	263,173	232,000	232,000	213,000	213,000
Subtotal	3,068,831	3,759,829	3,297,451	3,991,513	3,507,896	4,011,345	3,697,802	4,031,007	3,948,257	4,067,319
Section 221 (BMIR)	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
GNMA tandem:										
Nonsection 8 units	NA	NA	NA	NA	10,600	8,000	14,800	14,800	14,800	14,800
Targeted tandem	5,600	49,000	18,800	57,900	39,900	74,900	53,900	78,700	73,900	78,700
Section 202 (Original program)	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Totals	3,187,431	3,921,829	3,429,251	4,162,413	3,660,796	4,209,845	3,872,702	4,237,507	4,149,957	4,273,819

Note.—Does not include 1.7 million units assisted under rural housing operated by the Farmers Home Administration, nor administration projection of 80,000 additional units in each year 1984-1988.

DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT SUBSIDIZED HOUSING PROGRAMS, UNITS ELIGIBLE FOR PAYMENT/TOTAL UNIVERSE INCLUDING PIPELINE, 1985-88

	1985		1986		1987		1988	
	Units eligible for payment	Total universe	Units eligible for payment	Total universe	Units eligible for payment	Total universe	Units eligible for payment	Total universe
Public housing	1,238,000	1,245,877	1,206,000	1,206,000	1,171,000	1,171,000	1,161,000	1,161,000
Section 8:								
New/Sub rehab	775,298	817,154	799,298	826,154	808,298	835,154	817,298	844,154
Existing	1,491,273	1,495,602	1,578,480	1,582,809	1,654,363	1,658,692	1,711,380	1,715,709
Rent supplement	15,000	15,000	15,000	15,000	15,000	15,000	15,000	15,000
Section 236	346,000	346,000	345,000	345,000	344,000	344,000	343,000	343,000
Section 235	206,000	206,000	199,000	199,000	192,000	192,000	187,000	187,000
Subtotal	4,071,571	4,125,633	4,142,778	4,173,963	4,184,661	4,215,846	4,234,678	4,265,863
Section 221 (BMIR)	88,000	88,000	88,000	88,000	88,000	88,000	88,000	88,000
GNMA tandem:								
Non section 8 units	14,800	14,800	14,800	14,800	14,800	14,800	14,800	14,800
Targeted tandem	78,700	78,700	78,700	78,700	78,700	78,700	78,700	78,700
Section 202 original program	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Totals	4,278,071	4,332,133	4,349,278	4,380,463	4,391,161	4,422,346	4,441,178	4,472,363

Note.—Assumes enactment of administration fiscal year 1984 budget in fiscal year 1985, fiscal year 1987.

SELECTED INDICES OF PROGRAM COSTS, HUD HOUSING ASSISTANCE PROGRAMS

(In millions of dollars)

	Cumulative Sept. 30, 1982	1983	1984	1985	1986	1987	1988
Annual contributions (utilization of budget authority)	\$232,905.1	\$15,616.5	\$7,966.0	\$5,127.6	\$5,280.4	\$8,907.4	\$3,041.7
Section 235 (obligations)	20,244.6	1,017.9					
Section 236 (obligations)	28,094.3	123.3	2.9				
Rent supplement (obligations)	12,415.8	46.0	20.4				
Subtotal, subsidized housing	293,659.8	16,803.7	7,989.3	5,127.6	5,280.4	8,907.4	3,041.7
Section 312							
Operating subsidies (obligations)	7,460.6	1,281.6	1,636.5	1,524.9	1,481.4	1,469.0	1,550.4
Section 221(d)(3) BMIR (outstanding loan balance)	1,239.0	NA	NA	NA	NA	NA	NA
GNMA tandem (discount on mortgage sales)	1,656.0	650.4	603.4	355.4	127.5		
FHA-GI/SRI (losses on sales)	3,101.8	240.0	253.0	432.9	269.4	269.4	269.4
Total, all programs	¹ 307,117.2	18,975.4	10,482.2	7,440.8	7,158.7	10,645.8	4,861.5

¹ Does not include \$38 billion in low interest direct loans provided by Farmers Home Administration.

ANNUAL CONTRIBUTIONS FOR ASSISTED HOUSING BUDGET AUTHORITY UTILIZED FOR AMENDMENTS (1978-1988)

(In millions of dollars)

	Actuals					Estimated					
	1978	1979	1980	1981	1982	1983 ¹	1984	1985	1986	1987	1988
Public housing	274.1	437.4	956.0	935.4	372.1	1,187.0	45.0				
Section 8	2,993.2	1,873.5	3,223.1	3,007.3	4,020.0	1,406.2	391.0	99.0	87.0	75.0	75.0
Total	3,267.0	2,310.9	4,179.1	3,942.7	4,392.1	2,593.2	436.0	99.0	87.0	75.0	75.0

¹ Represents amounts appropriated for 1983; public housing total includes \$405 million provided for interest rate adjustments.

Note.—1978-81 data on a net basis; 1982-88 data on a gross basis.

APPENDIX 11.—GAO REPORT, RENTAL REHABILITATION GRANTS

ISSUE

HUD plans to replace the section 8 Moderate Rehabilitation and section 312 Rehabili-

tation Loans programs with a new rental rehabilitation grants program.

PERSPECTIVE

The Administration is requesting \$150 million for fiscal year 1984 to implement a new rental rehabilitation grants program.

This program would provide grants to States and units of local governments for up to one-half of the cost of rehabilitating both single-family and multifamily rental properties. An estimated 30,000 rental units would be rehabilitated under the program in fiscal

year 1984. This proposed rental rehabilitation program has the potential to be effective in upgrading a badly deteriorated rental housing stock, but without specific congressional guidance regarding program objectives and approaches, States and local governments will tend to design programs which (1) are targeted at housing units without adequate consideration for benefiting needy renter households, (2) have costs higher than necessary to improve the housing conditions of lower income households, (3) have the potential for significant displacement of lower income households, and (4) have little evaluation information available.

Based on past work, GAO believes that many communities eligible to receive rental rehabilitation grants would probably use low interest loans to rehabilitate single-family housing, although they estimate a greater need to rehabilitate and provide assistance to multifamily rental housing for lower income households. Eligible communities would have wide discretion to determine the type and level of rehabilitation assistance. Under the Community Development Block Grant (CDBG) program, which has many similarities to the proposed program, nearly half of the entitlement cities have undertaken some rental housing rehabilitation, but far fewer cities have had extensive recent experience in designing, implementing, or evaluating rental rehabilitation programs. The CDBG program has no explicit targeting criteria for rehabilitation and many communities emphasized rehabilitation of single-family housing, while reporting that renters were in greater need of assistance. Further, the most common subsidy mechanism used by CDBG communities was low interest loans, which has resulted in substantially higher average per unit rehabilitation costs than other financing methods such as grants and interest subsidy payments.

The rental rehabilitation grants program could encourage communities to allow unnecessary improvements in order for the rehabilitated units to be marketable and competitive with other non-subsidized units. The higher rehabilitation costs associated with these improvements imply higher rents, which heightens the potential that low-income families will be displaced in favor of the more affluent. Rental rehabilitation grants would be used to subsidize the cost of rehabilitating rental properties at competitive market rents rather than at rents affordable to lower income households. Under past rehabilitation programs there has been a tendency by communities to allow repairs beyond those necessary to bring substandard and deteriorating units up to code. The Administration estimates that the average cost to rehabilitate a rental unit is \$10,000. Based on a recent survey of 64 CDBG communities, however, GAO found that the average rehabilitation costs per unit (excluding a few cities with very high costs) were less than \$7,000 per unit. Although housing payment certificates would be provided to eligible low-income renters to help them afford the rehabilitated units, these units would not be affordable by many low-income households without housing certificates if sizable rehabilitation expenses resulted in substantial increases in rents. Early indications are that rehabilitation costs under the Administration's rental rehabilitation demonstration program are much higher than under CDBG. In the past, housing rehabilitation programs have been conditioned on the use

of the housing for lower income households. Actual experience under the past programs, however, has shown that, in the absence of clear guidelines on targeting, many communities fail to assure that benefits go to lower income households.

Furthermore, program evaluation has been relegated a minor role in local rental rehabilitation programs. Our past research on the CDBG program has identified several problems relating to the reliability of data used to report program activities and beneficiaries. Unless program evaluation is made an integral component of any new rental rehabilitation program, evaluation information will be inadequate to effectively administer the program.

QUESTIONS

How would eligible communities be selected? Will housing need be the major factor?

What is the average funding level that eligible communities will receive and how many units will this enable them to rehabilitate? Are the anticipated funding levels for individual communities going to be sufficient to have a substantial impact?

What is the extent of Federal technical assistance that the Department anticipates will be needed to help communities design, implement, and evaluate programs?

Will there be any limits and/or controls established on the type and amount of rehabilitation assistance allowed on a given project to ensure that only substandard units are brought up to code at the minimum cost feasible?

Will project owners be required to pass on to the tenants any reduction in costs resulting from the rehabilitation assistance provided?

How will projects that are funded through the rental rehabilitation grants program be targeted to low-income families and what assurances are there that the rehabilitated units will remain available to low-income families for any reasonable period of time? Will low-income occupancy be a mandated requirement for a specific number of years?

Will project owners be prohibited from converting rehabilitated projects to condominium ownership? Is the Department considering establishing any requirements to recapture subsidies provided to units occupied by other than low-income households or for any other reason?

What specific program performance criteria and reporting requirements will the Department impose to ensure that program objectives are met and that the program is being administered effectively? Will project owners be required to provide verified income and demographic information to local administering agencies? Will these agencies be required to submit annual reports to the Department showing what they have accomplished?

Will the Department report to the Congress on a periodic basis as to the overall progress of the program, including consolidated verified information from all State and local governments and information on costs, services delivered, and program beneficiaries?

What sanctions or penalties does the Department anticipate imposing for non-compliance with specific performance criteria and reporting requirements?

Contact: William J. Gainer, 426-1780.

MESSAGES FROM THE HOUSE

At 12:33 p.m., a message from the House of Representatives, delivered by

Mr. Berry, one of its reading clerks, announced that the House has passed the following joint resolution, in which it requests the concurrence of the Senate:

H.J. Res. 13. Joint resolution calling for a mutual and verifiable freeze on and reductions in nuclear weapons.

HOUSE JOINT RESOLUTION READ

The following joint resolution was read the first time:

H.J. Res. 13. Joint resolution calling for a mutual and verifiable freeze on and reductions in nuclear weapons.

EXECUTIVE AND OTHER COMMUNICATIONS

The following communications were laid before the Senate, together with accompanying papers, reports, and documents, which were referred as indicated:

EC-1002. A communication from the Acting Under Secretary of Agriculture for International Affairs and Commodity Programs transmitting, pursuant to law, the third quarterly commodity and country allocation table for fiscal year 1983; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1003. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Federal Regulation of Meat and Poultry Products—Increased Consumer Protection and Efficiencies Needed"; to the Committee on Agriculture, Nutrition, and Forestry.

EC-1004. A communication from the Director of the Office of Management and Budget transmitting, pursuant to law, an amendment to his report of April 25, 1983, identifying funds in the jobs bill which cannot be rapidly and efficiently utilized; to the Committee on Appropriations.

EC-1005. A communication from the Assistant Secretary of Defense (Comptroller) transmitting, pursuant to law, a secret report on "Selected Acquisition Reports" and summary tables for the quarter ended March 31, 1983; to the Committee on Armed Services.

EC-1006. A communication from the Assistant Secretary of the Navy for Shipbuilding and Logistics transmitting, pursuant to law, a report on a decision made to convert the shelf-stocking function at the Commissary Store, Pensacola, Fla., to performance under contract; to the Committee on Armed Services.

EC-1007. A communication from the Assistant Secretary of the Navy for Shipbuilding and Logistics transmitting, pursuant to law, a report on a decision made to convert the shelf-stocking function at the Branch Commissary Store, New London, Conn., to performance under contract; to the Committee on Armed Services.

EC-1008. A communication from the Assistant Secretary of the Navy for Shipbuilding and Logistics transmitting, pursuant to law, a report on a decision made to convert the base operations support function at the Naval Air Station, Memphis, Tenn., to performance under contract; to the Committee on Armed Services.

EC-1009. A communication from the Secretary of the Air Force transmitting, pursuant to law, a determination that the ground launched cruise missile system has exceeded its baseline unit cost by more than 25 percent; to the Committee on Armed Services.

EC-1010. A communication from the General Counsel of the Department of Defense transmitting a draft of proposed legislation to freeze the rates of variable housing allowance payable in fiscal 1984 to the rates in effect in fiscal 1983; to the Committee on Armed Services.

EC-1011. A communication from the Deputy Assistant Secretary of the Navy for Reserve Affairs transmitting a copy of the brochure entitled "Naval Reserve Review"; to the Committee on Armed Services.

EC-1012. A communication from the Secretary of the Treasury transmitting, pursuant to law, his annual report on the activities of the depository institutions deregulation committee and the viability of depository institutions; to the Committee on Banking, Housing, and Urban Affairs.

EC-1013. A communication from the Chairman of the Securities and Exchange Commission transmitting, pursuant to law, the Commission's 48th annual report; to the Committee on Banking, Housing, and Urban Affairs.

EC-1014. A communication from the Comptroller General of the United States transmitting, pursuant to law, a report entitled "Examination of the Federal Home Loan Bank Board's and Related Agencies' Financial Statements for the Year Ended December 31, 1982"; to the Committee on Banking, Housing, and Urban Affairs.

REPORTS OF COMMITTEES

The following reports of committees were submitted:

By Mr. WALLOP (for Mr. GOLDWATER), from the Select Committee on Intelligence; without amendment:

S. 1230. An original bill to authorize appropriations for the fiscal year 1984 for intelligence activities of the U.S. Government, the intelligence community staff, the Central Intelligence Agency retirement and disability system, and for other purposes (Rept. No. 98-77).

EXECUTIVE REPORTS OF COMMITTEES

The following executive reports of committees were submitted:

By Mr. STAFFORD, from the Committee on Environment and Public Works:

William D. Ruckelshaus, of Washington, to be Administrator of the Environmental Protection Agency.

INTRODUCTION OF BILLS AND JOINT RESOLUTIONS

The following bills and joint resolutions were introduced, read the first and second time by unanimous consent, and referred as indicated:

By Mr. SPECTER:

S. 1228. A bill to amend the Internal Revenue Code of 1954 to provide for the establishment of rural enterprise zones, and for other purposes; to the Committee on Finance.

By Mr. COHEN:

S. 1229. A bill for the relief of Richard C. Rianhard of Bar Harbor, Maine; to the Committee on the Judiciary.

By Mr. WALLOP (for Mr. GOLDWATER):

S. 1230. An original bill to authorize appropriations for the fiscal year 1984 for intelligence activities of the U.S. Government, the intelligence community staff, the Central Intelligence Agency retirement and disability system, and for other purposes; from the Select Committee on Intelligence; placed on the calendar.

By Mr. BOREN (for himself, Mr. MATSUNAGA, Mr. MITCHELL, Mr. SYMMS, and Mr. BAUCUS):

S. 1231. A bill to amend the Internal Revenue Code of 1954 to exempt certain piggyback trailers and semitrailers from the tax on motor vehicles; to the Committee on Finance.

By Mr. HART (for himself, Mr. TSONGAS, Mr. CRANSTON, Mr. ROTH, and Mr. BAUCUS):

S. 1232. A bill to clarify the responsibilities of the Secretary of the Interior with respect to national wildlife refuges; to the Committee on Environment and Public Works.

By Mr. PRYOR (for himself, Mr. HEINZ, Mr. RIEGLE, and Mr. PELL):

S. 1233. A bill to prohibit the drugging or numbing of racehorses and related practices, and to amend title 18, United States Code, to prohibit certain activities conducted in interstate or foreign commerce relating to such practices; to the Committee on the Judiciary.

By Mr. BOSCHWITZ (for himself, Mr. SYMMS, Mr. LAXALT, Mr. DECONCINI, Mr. RANDOLPH, Mr. GORTON, Mr. NUNN, Mr. BOREN, Mr. DIXON, Mr. HELMS, Mr. SASSER, Mr. GLENN, Mr. DURENBERGER, Mr. FORD, Mr. RUDMAN, Mr. INOUE, Mr. MITCHELL, Mr. PRYOR, Mr. EAST, Mr. CHILES, Mr. MATTINGLY, Mr. COCHRAN, Mr. MOYNIHAN, Mr. BUMPERS, and Mr. THURMOND):

S.J. Res. 97. A joint resolution to authorize the erection of a memorial on public grounds in the District of Columbia, or its environs, in honor and commemoration of members of the Armed Forces of the United States and the allied forces who served in the Korean war; to the Committee on Rules and Administration.

SUBMISSION OF CONCURRENT AND SENATE RESOLUTIONS

The following concurrent resolutions and Senate resolutions were read, and referred (or acted upon), as indicated:

By Mr. COHEN:

S. Res. 134. A resolution to refer S. 1229 entitled "A bill for the relief of Richard C. Rianhard of Bar Harbor, Maine" to the chief judge of the U.S. Claims Court for a report thereon; to the Committee on the Judiciary.

By Mr. PERCY (for himself, Mr. DOMENICI, Mr. BRADLEY, Mr. HEINZ, Mr. DIXON, Mr. DANFORTH, Mr. DODD, Mr. CHAFFEE, Mr. LEVIN, and Mr. MATTINGLY):

S. Res. 135. A resolution expressing the sense of the Senate with respect to the urgency of achieving and maintaining proper alignment of major international currencies essential to stem protectionism and aid early recovery of world trade expansion; to the Committee on Foreign Relations.

By Mr. BAKER (for himself and Mr. BYRD):

S. Res. 136. A resolution suspending paragraph 1 of rule IV of the Rules for Regulation of the Senate wing of the U.S. Capitol to permit a photograph of the Senate Chamber; considered and agreed to.

By Mr. SPECTER (for himself, Mr. BURDICK, Mr. PRYOR, Mr. DOLE, Mr. DANFORTH, and Mr. PACKWOOD):

S. Con. Res. 32. A concurrent resolution to express the sense of the Congress concerning the legal minimum age for drinking and purchasing alcohol; to the Committee on the Judiciary.

STATMENTS ON INTRODUCED BILLS AND JOINT RESOLUTIONS

By Mr. SPECTER:

S. 1228. A bill to amend the Internal Revenue Code of 1954 to provide for the establishment of rural enterprise zones, and for other purposes; to the Committee on Finance.

RURAL ENTERPRISE ZONE ACT OF 1983

Mr. SPECTER. Mr. President, today, I am introducing the Rural Enterprise Zone Act of 1983. There has been much discussion over the past few years about the plight of urban America and the use of enterprise zones to stimulate economic development. While metropolitan areas are suffering from decay, it is essential that we not overlook the similar problems that rural America is facing. The problems of chronic unemployment, poverty and disinvestment, population loss, and physical deterioration are just as pervasive in rural areas as in urban areas. In Pennsylvania, for instance, one-third of the population resides in non-urban areas. The average State unemployment rate is 13.4 percent, but the rate in rural counties averages 14 percent, with some counties as high as 20 percent. The enterprise zone concept, originally geared toward rejuvenating the inner city, also can be applied to rural areas with equal success.

My bill would allow State and local governments and consortiums of government to apply for designation as a rural enterprise zone. The Secretary of Agriculture would be authorized to designate 25 areas each year for a period of 3 years. Eligibility would be based on unemployment, poverty, and population loss and the zone must be outside of a metropolitan area. Preference would be given to areas with demonstrated community support, management capability, and the ability to carry out commitments outlined in their enterprise zone plans. The Secretary also would look at minimizing the expenditure of State and Federal funds and the potential for significant job creation. Zones would then be eligible for various Federal tax incentives, including credits for labor force growth and job training.

By providing tax credits for labor growth, zones would be able to attract labor-intensive industries at least as

related to relatively smaller businesses. When coupled with the increased investment tax credits, existing industries will be encouraged to expand. New industry will need newly trained employees. The workers are there, but many lack the necessary skills. There is little doubt that America is in transition from heavy industry to high technology and labor will have to be retrained to adapt to these changes. I have included a 10-percent tax credit against contributions to job training programs. This credit is similar to that proposed in S. 481, the Tax Credit for Job Training Act, which I reintroduced on February 15. Zone sponsors could then establish training and retraining programs in coordination with the needs of businesses located in the zone. The Commonwealth of Pennsylvania currently offers a similar tax credit under the Neighborhood Assistance Act. This program has worked well in urban areas of Pennsylvania and could be a useful tool in rural areas, also.

Eligible areas would be required to demonstrate the marketing and administrative capabilities necessary to assure that the objectives of job creation and revitalization are achieved. Good management will be essential to coordinate the various local activities to best address the zone's economic deficiencies. In addition, zone sponsors must be adept at marketing their area to businesses and investors to maximize the benefits derived from tax incentives. Without these skills, success would be unlikely and revenues wasted.

The enterprise zone bill, reported by the Finance Committee in the previous Congress, did permit zone designation of small towns. However, I am concerned that rural areas will not receive designation when in competition with more densely populated areas which have a broader range of local contributions and commitments to draw from. If this experiment is to succeed, we must consider a mix of zones, including urban and rural areas. The intent of enterprise zones is to use targeted tax incentives to create jobs and spur investment in economically distressed areas. Rural communities are willing to do what they can to improve the environment for economic growth and should be given the opportunity to use these new tools to enhance the probability of recovery.

Mr. President, I ask unanimous consent that the bill be printed along with an explanation of its provisions.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

S. 1228

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE AMENDMENT OF 1954 CODE.

(a) This Act may be cited as the "Rural Enterprise Zone Act of 1983".

(b) Except as otherwise expressly provided, whenever in this Act an amendment or repeal is expressed in terms of an amendment to, or repeal of, a section or other provision, the reference shall be considered to be made to a section or other provision of the Internal Revenue Code of 1954.

TITLE I—DESIGNATION OF RURAL ENTERPRISE ZONES

SEC. 101. DESIGNATION OF ZONES.

(a) GENERAL RULE.—Chapter 80 (relating to general rules) is amended by adding at the end thereof the following new subchapter:

"Subchapter C—Designation of Rural Enterprise Zones

"Sec. 7871. Designation.

SEC. 7871. DESIGNATION.

"(a) DESIGNATION OF ZONES.—

"(1) RURAL ENTERPRISE ZONE DEFINED.—For purposes of this Act, the term 'rural enterprise zone' means any area—

"(A) which is nominated by—

"(i) the local government or governments with jurisdiction over such area,

"(ii) an intergovernmental organization which is designated by such local governments to manage a zone jointly with such governments (hereinafter in this section referred to as an 'intergovernmental organization'), or

"(iii) a State government or governments on behalf of—

"(I) such local government or governments, or

"(II) such intergovernmental organization, (if such local governments approve the nomination),

for designation as a rural enterprise zone (hereinafter in this section referred to as a 'nominated area'), and

"(B) which the Secretary of Agriculture, after consultation with—

"(i) the Secretaries of Commerce, Labor, and the Treasury, the Director of the Office of Management and Budget, and the Administrator of the Small Business Administration, and

"(ii) in the case of an area on an Indian reservation, the Secretary of the Interior, designates as a rural enterprise zone.

"(2) LIMITATIONS ON DESIGNATION.—

"(A) PUBLICATION OF REGULATIONS.—Before designating any area as a rural enterprise zone, the Secretary of Agriculture shall prescribe by regulation, after consultation with the officials described in paragraph (1)(B)—

"(i) the procedures for nominating an area under paragraph (1)(A),

"(ii) the parameters relating to the size of a rural enterprise zone, and

"(iii) the manner in which nominated areas will be compared based on the criteria specified in subsection (d) and the other factors specified in subsection (e).

"(B) TIME LIMITATIONS.—The Secretary of Agriculture may designate nominated areas as rural enterprise zones only during the 36-month period beginning on the later of—

"(i) the first day of the first month following the month in which the effective date of the regulations described in subparagraph (A) occurs, or

"(ii) July 1, 1984.

"(C) NUMBER OF DESIGNATIONS.—The Secretary of Agriculture may not designate more than 25 nominated areas as rural enterprise zones during—

"(i) the 12-month period beginning with the first day of the 36-month period described in subparagraph (B), and

"(ii) each of the two following 12-month periods.

"(D) PROCEDURAL RULES.—The Secretary of Agriculture shall not make any designation under paragraph (1) unless—

"(i) the government or governments with jurisdiction over such area have the authority—

"(I) to nominate such area for designation as a rural enterprise zone (or have delegated such authority to an intergovernmental organization described in paragraph (1)(A)(ii)),

"(II) to make the commitments described in subsection (e)(2)(A) with respect to such area, and

"(III) to provide assurances satisfactory to the Secretary of Agriculture that such commitments will be fulfilled,

"(ii) a nomination therefor is submitted in such manner and in such form, and contains such information, as the Secretary of Agriculture shall by regulations prescribe,

"(iii) the Secretary of Agriculture determines that information furnished with respect to such nomination is reasonably accurate, and

"(iv) the Secretary of Agriculture determines that no portion of the area nominated is already included in a rural enterprise zone or in an area otherwise nominated to be a rural enterprise zone.

"(b) MANAGEMENT OF RURAL ENTERPRISE ZONE.—

"(1) IN GENERAL.—Subject to the authority of the Secretary of Agriculture to revoke the designation of an area as a rural enterprise zone, if a nominated area is designated as a rural enterprise zone under subsection (a), the Secretary shall contract with the State government, local government, or intergovernmental organization nominating such area for the management of such zone, and such State government, local government, or intergovernmental organization (hereinafter in this section referred to as a 'managing entity') shall be responsible for such management and for compliance with the provisions of this title.

"(2) THIRD-PARTY MANAGEMENT.—Such managing entity may contract with another person to carry out its responsibilities under this section.

"(c) PERIOD FOR WHICH DESIGNATION IS IN EFFECT.—

"(1) IN GENERAL.—Any designation of an area as a rural enterprise zone shall remain in effect during the period beginning on the date of the designation and ending on the earliest of—

"(A) December 31 of the 15th calendar year following the calendar year in which such date occurs,

"(B) the date set forth in application nominating such area for designation as a rural enterprise zone, or

"(C) the date the Secretary of Agriculture revokes such designation under paragraph (3).

"(2) PERIODIC REVIEW.—The Secretary of Agriculture shall, from time to time, review the activities of the government or governments with jurisdiction over an area designated as a rural enterprise zone to insure that such government or governments are complying substantially with the commitments made with respect to such area pursuant to subsection (e)(2)(A).

"(3) REVOCATION OF DESIGNATION.—

"(A) IN GENERAL.—The Secretary of Agriculture, after consultation with the officials

described in subsection (a)(1)(B), may revoke the designation of an area if the Secretary of Agriculture determines that the governments with jurisdiction over such area are not complying substantially with the commitments made with respect to such area pursuant to subsection (e)(2)(A).

"(B) PERIOD FOR REMEDIAL ACTION.—Before revoking a designation, the Secretary of Agriculture may allow a period for remedial action to be taken.

"(C) ADDITIONAL DESIGNATION.—Notwithstanding the limitations imposed by subsections (a)(2)(B) and (a)(2)(C), the Secretary of Agriculture may designate one nominated area as a rural enterprise zone for each area with respect to which a designation is revoked pursuant to subparagraph (A).

"(d) AREA, ELIGIBILITY, ETC. REQUIREMENTS.—

"(1) IN GENERAL.—The Secretary of Agriculture may designate any nominated area under subsection (a)(1) only if it meets the requirements of paragraphs (2) and (3).

"(2) AREA REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

"(A) the area is within the jurisdiction of the government or governments nominating such area or jointly involved in managing such area,

"(B) the boundary of the area is continuous, and

"(C) the area is—

"(i) located outside a standard metropolitan statistical area (as defined in section 103A(1)(4)(B)),

"(ii) entirely within an Indian reservation (as determined by the Secretary of the Interior), or

"(iii) otherwise determined by the Secretary of Agriculture to be a rural area.

"(3) UNEMPLOYMENT, POVERTY, ETC. REQUIREMENTS.—A nominated area meets the requirements of this paragraph if—

"(A) the annual average unemployment rate (as determined by the most recent data available from the Bureau of Labor Statistics) was at least 125 percent of the national average for the period to which such data relates,

"(B) the poverty rate (as determined by the most recent census data available) for each census tract, minor civil division, or census county division within the area was at least 20 percent for the period to which such data relates,

"(C) at least 70 percent of the households living in the area have incomes below 80 percent of the median income of households of the local government or governments with jurisdiction over such area (determined in the same manner as under section 119(b)(2) of the Housing and Community Development Act of 1974), or

"(D) the population of the area decreased by 20 percent or more between 1970 and 1980 (as determined by the most recent census data available).

"(e) RURAL ENTERPRISE ZONE PLAN.—

"(1) IN GENERAL.—Each State government, local government, or intergovernmental organization nominating an area for designation as a rural enterprise zone shall submit a rural enterprise zone plan.

"(2) REQUIREMENTS OF PLAN.—Each rural enterprise zone plan submitted under paragraph (1) shall—

"(A) document the commitments to be made by the governments with jurisdiction over the area with respect to the reduction of the various burdens borne by employers or employees in such area;

"(B) analyze the probable costs and benefits of such plan;

"(C) describe the efforts or contributions which will be made in the area to increase employment and to encourage the formation and expansion of business enterprises and general economic development, including any local concessions to be made such as—

"(i) tax abatement,

"(ii) the providing of State, local, and private loans, loan guarantees, industrial revenue bonds, and other financing incentives for financing businesses in the area,

"(iii) the providing of local government services (such as infrastructure, transportation, sewage, utility, and zoning) to support business and economic development,

"(iv) the providing of education and training to residents of the area who are eligible for assistance under the Job Training Partnership Act,

"(v) making available to residents of the area public services which encourage their entry into the workplace,

"(vi) the commitment of land and buildings for economic development,

"(vii) the providing of technical and management assistance, and

"(viii) the creation of a loan fund for businesses within the area;

"(D) guarantee the ability of any government with jurisdiction over the area to manage the zone, including, but not limited to, the ability to certify residents eligible for tax or other assistance; and

"(E) describe the planned use of existing Federal resources for economic development and how such use will enhance any tax incentives provided by this section.

"(f) PREFERENCES IN DESIGNATION.—In choosing nominated areas to designate as rural enterprise zones, the Secretary of Agriculture shall give preference to nominated areas—

"(1) with respect to which there is a rural enterprise zone plan which—

"(A) demonstrates—

"(i) broad community support,

"(ii) the ability of the governments with jurisdiction over such area to—

"(I) meet the commitments made pursuant to subsection (e)(2)(A) with respect to such plan,

"(II) make available nonresidential property which is appropriately zoned for commercial use, and

"(III) reduce taxes on businesses located in such area;

"(ii) the most substantial commitments by private entities to establish or expand business activities (especially labor intensive activities) within such area,

"(B) minimizes—

"(i) the expenditure of Federal and State funds, and

"(ii) the unnecessary loss of tax revenues by the Federal Government

with respect to such plan; and

"(C) creates the greatest number of jobs at the lowest expenditure of government funds for each job created; and

"(2) with a high average annual rate of unemployment.

"(g) DEFINITIONS.—For purposes of this section—

"(1) GOVERNMENTS.—If more than one government seeks to nominate an area as an enterprise zone, any reference to, or requirement of, this section shall apply to all such governments.

"(2) STATE.—The term 'State' shall also include Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Mariana Islands and any other possession of the United States.

"(3) LOCAL GOVERNMENT.—The term 'local government' means—

"(A) any county, city, town, township, parish, village, or other general purpose political subdivision of a State,

"(B) any combination of political subdivisions described in subparagraph (A) recognized by the Secretary of Agriculture, and

"(C) the District of Columbia."

(b) CONFORMING AMENDMENT.—The table of subchapters for chapter 80 is amended by adding at the end thereof the following new item:

"Subchapter C—Designation of Enterprise Zones".

SEC. 102. INTERACTION WITH OTHER FEDERAL PROGRAMS.

(a) TAX REDUCTIONS.—Any reduction of taxes under any required program of State and local commitment under section 7871(d) of the Internal Revenue Code of 1954 shall be disregarded in determining the eligibility of a State or local government for, or the amount or extent of, any assistance or benefits under any law of the United States.

(b) COORDINATION WITH RELOCATION ASSISTANCE.—The designation of an enterprise zone under section 7871 of the Internal Revenue Code of 1954 shall not—

(1) constitute approval of a Federal or federally assisted program or project (within the meaning of the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 (42 U.S.C. 4601)), or

(2) entitle any person displaced from real property located in such zone to any rights or any benefits under such Act.

(c) PREFERENCES IN DISTRIBUTING FEDERAL FUNDS AND IN AWARDING FEDERAL CONTRACTS.—

(1) IN GENERAL.—Notwithstanding any other provision of law, the head of each Federal department, agency, or program which distributes Federal funds or awards Federal contracts to any programs, organizations, or local governments shall give the following preferences in distributing such funds and in awarding such contracts:

(A) A preference shall be given to any program, organization, or local government located in, or primarily serving, a rural enterprise zone (within the meaning of section 7871(a)(1) of the Internal Revenue Code of 1954) over all other programs, organizations, or local governments.

(B) A preference shall be given to those programs or organizations which are part of the rural enterprise zone plan of the rural enterprise zone submitted pursuant to section 7871(e) of such Code over all other programs or organizations located in, or primarily serving, such zone.

(C) A preference shall be given to community-based organizations located in, or primarily serving, a rural enterprise zone over all other organizations so located or so serving (but only if such preference does not undermine any portion of the rural enterprise zone plan of such zone submitted pursuant to section 7871 (e) of such Code).

(2) PREFERENCES IN AWARDING SUBCONTRACTS.—The head of each Federal department, agency, or program which distributes Federal funds or awards Federal contracts shall take such actions as are necessary to assure that any program, organization, or local government which is a recipient of such Federal funds or contracts will give special consideration to the preferences described in paragraph (1) in making any further distribution of such funds or in awarding any subcontract under such contract.

TITLE II—FEDERAL INCOME TAX
INCENTIVES

SUBTITLE A—CREDIT FOR EMPLOYERS

SEC. 211. CREDIT FOR RURAL ENTERPRISE
ZONE EMPLOYERS.

(a) CREDIT FOR INCREASED RURAL ENTERPRISE ZONE EMPLOYMENT AND EMPLOYMENT OF DISADVANTAGED.—Subpart A of part IV of subchapter A of chapter 1 (relating to credits allowable) is amended by inserting immediately before section 45 the following new section:

"SEC. 44H. CREDIT FOR RURAL ENTERPRISE
ZONE EMPLOYMENT.

"(a) IN GENERAL.—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of—

"(1) 10 percent of the qualified increased employment expenditures of the taxpayer for the taxable year, and

"(2) the economically disadvantaged credit amount of the taxpayer for such taxable year.

"(b) LIMITATION BASED ON AMOUNT OF TAX.—

"(1) IN GENERAL.—The credit allowed by subsection (a) for a taxable year shall not exceed the tax imposed by this chapter for such taxable year, reduced by the sum of the credits allowable under any section of this subpart having a lower number or letter designation than this section, other than the credits allowable by sections 31, 39, and 43. For purposes of the preceding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(2) CARRYBACK AND CARRYOVER OF UNUSED CREDIT.—

"(A) ALLOWANCE OF CREDIT.—If the amount of the credit determined under this section for any taxable year exceeds the limitation provided by paragraph (1) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

"(i) a rural enterprise zone employment credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(ii) a rural enterprise zone employment credit carryover to each of the 15 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by this section for such years. If any portion of such excess is a carryback to a taxable year beginning before January 1, 1985, this section shall be deemed to have been in effect for such taxable year for purposes of allowing such carryback as a credit under this section. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of clauses (i) and (ii)) such credit may be carried, and then to each of the other 17 taxable years to the extent that, because of the limitation contained in subparagraph (B), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(B) LIMITATION.—The amount of the unused credit which may be added under subparagraph (A) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided by paragraph (1) for such taxable year exceeds the sum of—

"(i) the credit allowable under this section for such taxable year, and

"(ii) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are at-

tributable to taxable years preceding the unused credit year.

"(c) QUALIFIED INCREASED EMPLOYMENT EXPENDITURES DEFINED.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified increased employment expenditures' means the excess of—

"(A) the qualified wages paid or incurred by the employer during the taxable year to qualified employees with respect to all rural enterprise zones, over

"(B) the base period wages of the employer with respect to all such zones.

"(2) LIMITATIONS AS TO QUALIFIED WAGES TAKEN INTO ACCOUNT.—

"(A) DOLLAR AMOUNT.—The amount of any qualified wages taken into account under paragraph (1) for any taxable year with respect to any qualified employee may not exceed 2.5 times the dollar limitation in effect under section 3306(b)(1) for the calendar year with or within which such taxable year ends.

"(B) APPLICATION WITH ECONOMICALLY DISADVANTAGED CREDIT AMOUNT.—Qualified wages shall not be taken into account under paragraph (1) if such wages are taken into account in determining the economically disadvantaged credit amount under subsection (d).

"(3) BASE PERIOD WAGES.—

"(A) IN GENERAL.—The term 'base period wages' means, with respect to any rural enterprise zone, the amount of wages paid to employees during the 12-month period preceding the date on which the rural enterprise zone was designated as such under section 7871 which would have been qualified wages paid to qualified employees if such designation had been in effect for such period.

"(B) RULES OF SPECIAL APPLICATION.—For purposes of subparagraph (A)—

"(i) subsection (f)(1) shall be applied by substituting '12-month period' for 'taxable year' each place it appears, and

"(ii) the dollar limitation taken into account under paragraph (2) in computing qualified wages shall be the amount in effect for the taxable year for which the amount of the credit under subsection (a) is being computed.

"(d) ECONOMICALLY DISADVANTAGED CREDIT AMOUNT.—For purposes of this section—

"(1) IN GENERAL.—The term 'economically disadvantaged credit amount' means the sum of the applicable percentage of qualified wages paid to each qualified economically disadvantaged individual.

"(2) APPLICABLE PERCENTAGE.—For purposes of paragraph (1), the term 'applicable percentage' means, with respect to any qualified economically disadvantaged individual, the percentage determined in accordance with the following table:

If the qualified wages are paid for services performed:	The applicable percentage is:
Within 36 months of the starting date.	50
More than 36 months but less than 49 months after such date.	40
More than 48 months but less than 61 months after such date.	30
More than 60 months but less than 73 months after such date.	20
More than 72 months but less than 85 months after such date.	10
More than 84 months after such date.	0

"(3) STARTING DATE; BREAKS IN SERVICE.—For purposes of this subsection—

"(A) STARTING DATE.—The term 'starting date' means the day on which the qualified economically disadvantaged individual begins work for the employer within a rural enterprise zone.

"(B) BREAKS IN SERVICE.—The periods described in the table under paragraph (2) (other than the first such period) shall be extended by any period of time during which the individual is unemployed.

"(e) QUALIFIED WAGES DEFINED.—For purposes of this section—

"(1) IN GENERAL.—Except as otherwise provided in this subsection, the term 'qualified wages' has the meaning given to the term 'wages' by subsection (b) of section 3306 (determined without regard to any dollar limitation contained in such section).

"(2) REDUCTION FOR CERTAIN FEDERALLY FUNDED PAYMENTS.—For purposes of this section, the wages paid or incurred by an employer for any period shall not include the amount of any federally funded payments the employer receives or is entitled to receive for on-the-job training of such individual for such period.

"(3) SPECIAL RULES FOR AGRICULTURAL AND RAILWAY LABOR.—Under regulations prescribed by the Secretary, rules similar to the rules of section 51(h) shall apply with respect to services described in subparagraphs (A) and (B) of section 51(h)(1).

"(f) QUALIFIED EMPLOYEE DEFINED.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified employee' means an individual—

"(A) at least 90 percent of whose services for the employer during the taxable year are directly related to the conduct of the employer's trade or business located in a rural enterprise zone, and

"(B) who performs at least 50 percent of his services for the employer during the taxable year in a rural enterprise zone.

"(2) EXCEPTION FOR INDIVIDUALS WITH RESPECT TO WHOM CREDIT IS ALLOWED UNDER SECTION 44B.—The term 'qualified employee' shall not include an individual with respect to whom any credit is allowed the employer for the taxable year under section 44B (relating to credit for employment of certain new employees).

"(g) QUALIFIED ECONOMICALLY DISADVANTAGED INDIVIDUAL.—

"(1) IN GENERAL.—For purposes of this section, the term 'qualified economically disadvantaged individual' means an individual—

"(A) who is a qualified employee,

"(B) who is hired by the employer during the period a designation under section 7871 is in effect for the area in which the services which qualify such individual as a qualified employee are performed, and

"(C) who is certified as—

"(i) an economically disadvantaged individual,

"(ii) an eligible work incentive employee (within the meaning of section 51(d)(9)), or

"(iii) a general assistance recipient (within the meaning of section 51(d)(6)).

"(2) ECONOMICALLY DISADVANTAGED INDIVIDUAL.—For purposes of paragraph (1), the term 'economically disadvantaged individual' means any individual who is certified by the designated local agency as being a member of a family that had an income during the 6 months preceding the month in which such determination occurs that, on an annual basis, would be 70 percent or less of the Bureau of Labor Statistics lower living standard. Any such determination shall be valid for the 45-day period beginning on the date such determination is made.

"(3) CERTIFICATION.—Certification of an individual as an individual described in paragraph (1)(C) shall be made in the same manner as certification under section 51.

"(h) SPECIAL RULES.—For purposes of this section—

"(1) APPLICATION TO CERTAIN ENTITIES, ETC.—Under regulations prescribed by the Secretary, rules similar to the rules of section 52 (other than subsection (b) thereof) and section 44F(f)(3) shall apply.

"(2) PERIODS OF LESS THAN A YEAR.—If designation of an area as a rural enterprise zone under section 7871 occurs, expires, or is revoked on a date other than the first or last day of the taxable year of the taxpayer, or in the case of a short taxable year—

"(A) the limitation specified in subsection (c)(2)(A), and the base period wages determined under subsection (c)(3), shall be adjusted on a pro rata basis (based upon the number of days), and

"(B) the reduction specified in subsection (e)(2) and the 90 percent and 50 percent tests set forth in subsection (f)(1), shall be determined by reference to the portion of the taxable year during which the designation of the area as a rural enterprise zone is in effect.

"(i) PHASEOUT OF CREDIT.—In determining the amount of the credit for the taxable year under subsection (a) with respect to qualified wages paid or incurred for services performed in a rural enterprise zone—

"(1) the following percentages shall be substituted for '10 percent' in subsection (a)(1):

"(A) 7.5 percent in the earlier of—

"(i) the taxable year which includes the date which is 12 years after the date on which such rural enterprise zone was designated under section 7871, or

"(ii) the taxable year which includes the date which is 4 years before the date (if any) on which such rural enterprise zone ceases to be a zone under section 7871(c)(1)(B),

"(B) 5 percent in the next succeeding taxable year,

"(C) 2.5 percent in the second next succeeding taxable year, and

"(D) zero thereafter, and

"(2) the amount determined under subsection (a)(2) shall be reduced by—

"(A) 25 percent in the case of the taxable year described in paragraph (1)(A),

"(B) 50 percent in the next succeeding taxable year,

"(C) 75 percent in the second next succeeding taxable year, and

"(D) 100 percent thereafter.

"(j) EARLY TERMINATION OF EMPLOYMENT BY EMPLOYER IN CASE OF QUALIFIED ECONOMICALLY DISADVANTAGED INDIVIDUALS, ETC.—

"(1) GENERAL RULE.—Under regulations prescribed by the Secretary, if the employment of any qualified economically disadvantaged individual with respect to whom qualified wages are taken into account under subsection (a) is terminated by the taxpayer at any time during the 270-day period beginning on the date such individual begins work for the employer, the tax under this chapter for the taxable year in which such employment is terminated shall be increased by an amount (determined under such regulations) equal to the credit allowed under subsection (a) for such taxable year and all prior taxable years attributable to qualified wages paid or incurred with respect to such employee.

"(2) SUBSECTION NOT TO APPLY IN CERTAIN CASES.—

"(A) IN GENERAL.—Paragraph (1) shall not apply to—

"(i) a termination of employment of an employee who voluntarily leaves the employment of the employer,

"(ii) a termination of employment of an individual who, before the close of the period referred to in paragraph (1), becomes disabled to perform the services of such employment, unless such disability is removed before the close of such period and the employer fails to offer reemployment to such individual,

"(iii) a termination of employment of an individual, if it is determined under the applicable State unemployment compensation law that the termination was due to the misconduct of such individual, or

"(iv) a termination of employment of an individual due to a substantial reduction in the trade or business operations of the employer.

"(B) CHANGE IN FORM OF BUSINESS, ETC.—For purposes of paragraph (1), the employment relationship between the employer and an employee shall not be treated as terminated—

"(i) by a transaction to which section 381(a) applies, if the employee continues to be employed by the acquiring corporation, or

"(ii) by reason of a mere change in the form of conducting the trade or business of the taxpayer, if the employee continues to be employed in such trade or business and the employer retains a substantial interest in such trade or business.

"(3) SPECIAL RULE.—Any increase in tax under paragraph (1) shall not be treated as tax imposed by this chapter for purposes of determining the amount of any credit allowable under subpart A."

(b) NO DEDUCTION ALLOWED.—

(1) IN GENERAL.—Section 280C (relating to disallowance of deductions for that portion of wages for which credit is claimed under section 40 or 44B) is amended—

(A) by adding at the end thereof the following new subsection:

"(c) RULE FOR SECTION 44H CREDITS.—No deduction shall be allowed for that portion of the wages or salaries paid or incurred for the taxable year which is equal to the amount of the credit allowable under section 44H (relating to the employment credit for rural enterprise zone businesses). This subsection shall be applied under a rule similar to the rule under the last sentence of subsection (b)."; and

(B) by striking out "or 44B" in the heading and inserting in lieu thereof ", 44B, or 44H".

(2) CONFORMING AMENDMENT.—The table of sections for part IX of subchapter B of chapter 1 is amended by striking out "or 44B" in the item relating to section 280C and inserting in lieu thereof ", 44B, or 44H".

(c) TECHNICAL AMENDMENTS RELATED TO CARRYOVER AND CARRYBACK OF CREDITS.—

(1) CARRYOVER OF CREDIT.—

(A) Subparagraph (B) of section 55(c)(3) (relating to carryover and carryback of certain credits) is amended—

(i) by striking out "or 44F" in clause (i) and inserting in lieu thereof "44F, or 44H", and

(ii) by inserting "44H(b)(1)," after "44F(g)(1)," in clause (ii).

(B) Subsection (c) of section 381 (relating to items of the distributor or transferor corporation) is amended by adding at the end thereof the following new paragraph:

"(30) CREDIT UNDER SECTION 44H.—The acquiring corporation shall take into account

(to the extent proper to carry out the purposes of this section and section 44H, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 44H in respect to the distributor or transferor corporation."

(C) Section 383 (relating to special limitations on unused credits and capital losses), as in effect for taxable years to which the amendments made by the Tax Reform Act of 1976 apply, is amended—

(i) by inserting "to any unused credit of the corporation under section 44H(b)(2)," after "44G(b)(2).", and

(ii) by inserting "RURAL ENTERPRISE ZONE EMPLOYMENT CREDITS," after "EMPLOYEE STOCK OWNERSHIP CREDITS," in the section heading.

(D) Section 383 (as in effect on the day before the amendments made by the Tax Reform Act of 1976) is amended—

(i) by inserting "to any unused credit of the corporation which could otherwise be carried forward under section 44H(b)(2)," after "44G(b)(2).", and

(ii) by inserting "RURAL ENTERPRISE ZONE EMPLOYMENT CREDITS," after "EMPLOYEE STOCK OWNERSHIP CREDITS," in the section heading.

(E) The table of sections for part V of subchapter C of chapter 1 is amended by inserting "rural enterprise zone employment credits," after "employee stock ownership credits," in the item relating to section 383.

(2) CARRYBACK OF CREDIT.—

(A) Subparagraph (C) of section 6511(d)(4) (defining credit carryback) is amended by striking out "and employee stock ownership credit carryback" and inserting in lieu thereof "employee stock ownership credit carryback, and rural enterprise zone employment credit carryback".

(B) Section 6411 (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(i) by striking out "or unused employee stock ownership credit" each place it appears and inserting in lieu thereof "unused employee stock ownership credit, or unused rural enterprise zone employment credit carryback";

(ii) by inserting ", by a rural enterprise zone employment credit carryback provided by section 44H(b)(2)," after "by an employee stock ownership credit carryback provided by section 44G(b)(2)" in the first sentence of subsection (a);

(iii) by striking out "or employee stock ownership credit carryback from" each place it appears and inserting in lieu thereof "employee stock ownership credit carryback, or rural enterprise zone employment credit carryback from"; and

(iv) by striking out "research and experimental credit carryback" in the second sentence of subsection (a) and inserting in lieu thereof "research and experimental credit carryback, or in the case of a rural enterprise zone employment credit carryback, to an investment credit carryback, a new employee credit carryback, a research and experimental credit carryback, or an employee stock ownership credit carryback".

(d) OTHER TECHNICAL AND CLERICAL AMENDMENTS.—

(1) Subsection (b) of section 6096 (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44G" and inserting in lieu thereof "44G and 44H".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 is

amended by inserting before the item relating to section 45 the following new item:

"Sec. 44H. Credit for rural enterprise zone employment."

(e) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SUBTITLE B—INCENTIVES FOR INVESTMENT IN TANGIBLE PROPERTY IN RURAL ENTERPRISE ZONES

SEC. 221. INVESTMENT TAX CREDIT FOR RURAL ENTERPRISE ZONE PROPERTY.

(a) SECTION 38 PROPERTY.—Paragraph (1) of section 48(a) (defining section 38 property) is amended by striking out "or" at the end of subparagraph (F), by striking out the period at the end of subparagraph (G) and inserting in lieu thereof "or", and by adding after subparagraph (G) the following new subparagraph:

"(H) rural enterprise zone property (within the meaning of subsection (r)) which is not otherwise section 38 property."

(b) AMOUNT OF CREDIT.—

(1) IN GENERAL.—Subparagraph (A) of section 46(a)(2) (relating to amount of investment tax credit) is amended by striking out "and" at the end of clause (iii), by striking out the period at the end of clause (iv) and inserting in lieu thereof "and", and by adding at the end thereof the following new clause:

"(v) in the case of qualified rural enterprise zone property, the rural enterprise zone percentage."

(2) RURAL ENTERPRISE ZONE PERCENTAGE DEFINED.—Paragraph (2) of section 46(a) is amended by adding at the end thereof the following new subparagraph:

"(G) RURAL ENTERPRISE ZONE PERCENTAGE.—

"(i) IN GENERAL.—

For purposes of this paragraph—

"In the case of qualified rural enterprise zone expenditures with respect to:

The rural enterprise zone percentage is:	
Zone personal property (within the meaning of section 48(r)(2))	5
New zone construction property (within the meaning of section 48(r)(3))	10.

"(ii) PHASEOUT OF CREDIT AS RURAL ENTERPRISE ZONE ENDS.—Clause (i) shall be applied by substituting the following percentages for 5 percent and 10 percent, respectively:

"(I) For the taxable year described in section 44H(1)(A), 3.75 and 7.5.

"(II) For the next succeeding taxable year, 2.5 and 5.

"(III) For the second next succeeding taxable year, 1.25 and 2.5.

"(IV) For any subsequent taxable year, zero."

(3) ORDERING RULES.—That portion of paragraph (7) of section 46(a) (relating to special rules in the case of energy property) which precedes subparagraph (B) is amended to read as follows:

"(7) SPECIAL RULES IN THE CASE OF ENERGY PROPERTY OR RURAL ENTERPRISE ZONE PROPERTY.—Under regulations prescribed by the Secretary—

"(A) IN GENERAL.—This subsection and subsection (b) shall be applied separately—

"(i) first with respect to so much of the credit allowed by section 38 as is not attributable to the energy percentage or the rural enterprise zone percentage,

"(ii) second with respect to so much of the credit allowed by section 38 as is attributa-

ble to the application of the energy percentage to energy property, and

"(iii) third with respect to so much of the credit allowed by section 38 as is attributable to the application of the rural enterprise zone percentage to enterprise zone property."

(4) CONFORMING AMENDMENT.—Section 48(o) (defining certain credits) is amended by adding at the end thereof the following new paragraph:

"(9) RURAL ENTERPRISE ZONE CREDIT.—The term 'rural enterprise zone credit' means that portion of the credit allowable by section 38 which is attributable to the rural enterprise zone percentage."

(c) DEFINITIONS AND TRANSITIONAL RULES.—Section 48 (relating to definitions and special rules) is amended by redesignating subsection (r) as subsection (s) and by inserting after subsection (q) the following new subsection:

"(r) RURAL ENTERPRISE ZONE PROPERTY.—

"(1) The term 'rural enterprise zone property' means property—

"(A) which is—

"(i) zone personal property, or

"(ii) new zone construction property,

"(B) not acquired (directly or indirectly) by the taxpayer from a person who is related to the taxpayer (within the meaning of section 168(e)(4)(D)), and

"(C) acquired and first placed in service by the taxpayer in a rural enterprise zone during the period the designation as a zone is in effect under section 7871.

"(2) ZONE PERSONAL PROPERTY DEFINED.—The term 'zone personal property' means property which is—

"(A) 3-year property;

"(B) 5-year property;

"(C) 10-year property; and

"(D) 15-year public utility property,

which is used by the taxpayer predominantly in the active conduct of a trade or business within a rural enterprise zone. Property shall not be treated as 'zone personal property' if it is used or located outside the enterprise zone on any regular basis.

"(3) NEW ZONE CONSTRUCTION PROPERTY DEFINED.—The term 'new zone construction property' means 15-year real property, which is—

"(A) located in a rural enterprise zone,

"(B) used by the taxpayer predominantly in the active conduct of a trade or business within a rural enterprise zone, and

"(C) either—

"(i) the construction, reconstruction, rehabilitation, renovation, expansion, or erection of which is completed by the taxpayer during the period the designation as a zone is in effect under section 7871, or

"(ii) acquired during such period if the original use of such property commences with the taxpayer and commences during such period.

In applying section 46(c)(1)(A) in the case of property described in clause (i), there shall be taken into account only that portion of the basis which is properly attributable to construction or erection during such period.

"(4) REAL ESTATE RENTAL.—For purposes of this section, ownership of residential, commercial or industrial real property within a rural enterprise zone for rental shall be treated as the active conduct of a trade or business in a rural enterprise zone.

"(5) DEFINITIONS.—For purposes of this subsection, the terms '3-year property', '5-year property', '10-year property', '15-year real property', and '15-year public utility property' have the meanings given such terms by section 168(c)(2)."

(d) LODGING TO QUALIFY.—Paragraph (3) of section 48(a) (relating to property used for lodging) is amended—

(1) by striking out "and" at the end of subparagraph (C),

(2) by striking out the period at the end of subparagraph (D) and inserting in lieu thereof "and", and

(3) by adding at the end thereof the following new subparagraph:

"(E) new zone construction property."

(e) RECAPTURE.—Subsection (a) of section 47 (relating to certain dispositions, etc., of section 38 property) is amended by adding at the end thereof the following new paragraph:

"(9) SPECIAL RULES FOR RURAL ENTERPRISE ZONE PROPERTY.—

"(A) IN GENERAL.—If, during any taxable year, property with respect to which the taxpayer claimed a rural enterprise zone credit—

"(i) is disposed of, or

"(ii) in the case of zone personal property—

"(I) otherwise ceases to be section 38 property with respect to the taxpayer, or

"(II) is removed from the rural enterprise zone, converted or otherwise ceases to be rural enterprise zone property (other than by the expiration or revocation of the designation as a rural enterprise zone),

the tax under this chapter for such taxable year shall be increased by the amount described in subparagraph (B).

"(B) AMOUNT OF INCREASE.—The increase in tax under subparagraph (A) shall equal the aggregate decrease in the credits allowed under section 38 by reason of section 46(a)(2)(A)(v) for all prior taxable years which would have resulted solely from reducing the expenditures taken into account with respect to the property by an amount which bears the same ratio to such expenditures as the number of taxable years that the property was held by the taxpayer bears to the applicable recovery period for earnings and profits under section 312(k)."

(f) BASIS ADJUSTMENT TO REFLECT INVESTMENT CREDIT.—

(1) IN GENERAL.—Paragraph (3) of section 48(q) (relating to basis adjustment to section 38 property) is amended to read as follows:

"(3) SPECIAL RULE FOR QUALIFIED REHABILITATION AND RURAL ENTERPRISE ZONE EXPENDITURES.—In the case of any credit determined under section 46(a)(2) for—

"(A) any qualified rehabilitation expenditure in connection with a qualified rehabilitated building other than a certified historic structure, or

"(B) any expenditure in connection with new zone construction property (within the meaning of section 48(r)(3)),

paragraphs (1) and (2) shall be applied without regard to the phrase '50 percent of'."

(2) CONFORMING AMENDMENT.—The heading for subsection (c) of section 196 (relating to deductions for certain unused investment credits) is amended by striking out "rehabilitated buildings" and inserting in lieu thereof "rehabilitation and rural enterprise zone expenditures".

(g) INVESTMENT CREDIT CARRYOVER PERIOD EXTENDED.—Paragraph (1) of section 46(b) (relating to carryover and carryback of unused credits) is amended by adding at the end thereof the following new sentence: "If the number of taxable years during the period beginning with the taxable year following the unused credit year and ending with the taxable year in which the designa-

tion of the rural enterprise zone to which the unused credit relates expires under section 7871 exceeds 15, then the preceding sentence shall be applied by substituting such number for '15', such number plus 3 for '18', and such number plus 2 for '17'.

(h) **EFFECTIVE DATE.**—The amendments made by this section shall apply to periods after December 31, 1984, under rules similar to the rules of section 48(m) of the Internal Revenue Code of 1954.

SEC. 222. REMOVAL OF LIMITATION ON EXPENSING OF CERTAIN DEPRECIABLE BUSINESS ASSETS BY RURAL ENTERPRISE ZONE SMALL BUSINESSES.

(a) **IN GENERAL.**—Section 179(d) of the Internal Revenue Code of 1954 (relating to dollar limitation on treatment as expenses) is amended by adding at the end thereof the following new paragraph:

"(10) **DOLLAR LIMITATION IN CASE OF RURAL ENTERPRISE ZONE SMALL BUSINESS.**—The dollar limitation contained in subsection (b)(1) shall not apply to section 179 property used by a small business (as defined in section 3(a) of the Small Business Act) in a rural enterprise zone (as defined in section 7871(a))."

(b) **Effective Date.**—The amendment made by this section shall apply to taxable years beginning after December 31, 1984.

SUBTITLE C—CREDIT FOR CHARITABLE CONTRIBUTIONS TO JOB-TRAINING ORGANIZATIONS IN ENTERPRISE ZONES

SEC. 231. CREDIT FOR CERTAIN CHARITABLE CONTRIBUTIONS.

(a) **IN GENERAL.**—Subpart A of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1954 (relating to credits allowable against tax) is amended by inserting immediately before section 45 the following new section:

"SEC. 441. CHARITABLE CONTRIBUTIONS TO QUALIFIED JOB-TRAINING ORGANIZATIONS"

"(a) **GENERAL RULE.**—There shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to 10 percent of the qualified job-training charitable contributions of the taxpayer for the taxable year.

"(b) **LIMITATIONS.**—

"(1) **MAXIMUM DOLLAR AMOUNT.**—The amount of the credit allowed under subsection (a) with respect to any taxpayer shall not exceed \$250,000.

"(2) **LIABILITY FOR TAX.**—

"(A) **IN GENERAL.**—The credit allowed by subsection (a) for any taxable year shall not exceed an amount equal to the tax imposed by this chapter for the taxable year, reduced by the sum of the credits allowed under a section of this subpart having a lower number designation than this section, other than credits allowable by sections 31, 39, and 43. For purposes of the preceding sentence, the term 'tax imposed by this chapter' shall not include any tax treated as not imposed by this chapter under the last sentence of section 53(a).

"(B) **CARRYBACK AND CARRYOVER OF UNUSED CREDIT.**—

"(i) **ALLOWANCE OF CREDIT.**—If the amount of the credit determined under this section for any taxable year exceeds the limitation provided under subparagraph (A) for such taxable year (hereinafter in this paragraph referred to as the 'unused credit year'), such excess shall be—

"(I) a job-training credit carryback to each of the 3 taxable years preceding the unused credit year, and

"(II) a job-training credit carryover to each of the 15 taxable years following the unused credit year,

and shall be added to the amount allowable as a credit by this section for such years. If any portion of such excess is a carryback to a taxable year ending before January 1, 1984, this section shall be deemed to have been in effect for such taxable year for purposes of allowing such carryback as a credit under this section. The entire amount of the unused credit for an unused credit year shall be carried to the earliest of the 18 taxable years to which (by reason of subclauses (I) and (II)) such credit may be carried, and then to each of the other taxable years to the extent that, because of the limitation contained in clause (ii), such unused credit may not be added for a prior taxable year to which such unused credit may be carried.

"(ii) **LIMITATION.**—The amount of the unused credit which may be added under clause (i) for any preceding or succeeding taxable year shall not exceed the amount by which the limitation provided under subparagraph (A) for such taxable year exceeds the sum of—

"(I) the credit allowable under this section for such taxable year, and

"(II) the amounts which, by reason of this paragraph, are added to the amount allowable for such taxable year and which are attributable to taxable years preceding the unused credit year.

"(c) **DEFINITIONS.**—For purposes of this section—

"(1) **QUALIFIED JOB-TRAINING CHARITABLE CONTRIBUTIONS.**—The term 'qualified job-training charitable contributions' means an amount equal to the amount of charitable contributions to qualified job-training organizations.

"(2) **CHARITABLE CONTRIBUTION.**—The term 'charitable contribution' has the meaning given to such term by subsection (c) of section 170.

"(3) **QUALIFIED JOB-TRAINING ORGANIZATION.**—The term 'qualified job-training organization' means an organization which—

"(A) is described in section 501(c)(3);

"(B) is located within, and provides job training for the residents of, an area designated as a rural enterprise zone under section 7871; and

"(C) provides job training solely to individuals certified as handicapped individuals, economically disadvantaged individuals, displaced workers, or Vietnam-era veterans.

"(4) **JOB TRAINING.**—The term 'job training' means instruction in vocational and other skills necessary to obtain employment or a higher grade of employment.

"(5) **HANDICAPPED INDIVIDUAL.**—The term 'handicapped individual' means any individual who—

"(A) has a physical or mental disability which for such individual constitutes or results in a substantial handicap to employment; and

"(B) can reasonably be expected to obtain employment or a higher grade of employment as a result of job training.

"(6) **ECONOMICALLY DISADVANTAGED INDIVIDUAL.**—The term 'economically disadvantaged individual' means any individual who—

"(A) receives cash welfare payments under a Federal, State, or local welfare program;

"(B) has an income, for the 6-month period before applying for job training with a qualified job-training organization, which—

"(i) would have met the qualifications for such welfare payments, or

"(ii) if computed on an annual basis, would not exceed the poverty level established by the Director of the Office of Management and Budget pursuant to section 673(2) of the Omnibus Budget Reconciliation Act of 1981; or

"(C) is a member of a family which meets the requirements of subparagraph (A) or (B).

"(7) **DISPLACED WORKER.**—The term 'displaced worker' means any individual who—

"(A) was employed by an establishment—

"(i) on a full-time basis, and

"(ii) for at least 1 year;

"(B) was not employed by such establishment in an executive, administrative, or professional capacity (as such terms are defined by the Secretary of Labor under section 13(a)(1) of the Fair Labor Standards Act of 1938); and

"(C) is currently unemployed because of—

"(i) a change in the technology of such establishment, or

"(ii) a total or partial closing of such establishment by reason of competing technology.

"(8) The term 'Vietnam-era veteran' means any individual who is certified by the designated local agency as—

"(A) having served on active duty (other than active duty for training) in the Armed Forces of the United States for a period of more than 180 days, any part of which occurred after August 4, 1964, and before May 8, 1975, or

"(B) having been discharged or released from active duty in the Armed Forces of the United States for a service-connected disability if any part of such active duty was performed after August 4, 1964, and before May 8, 1975.

"(9) **ESTABLISHMENT.**—The term 'establishment' means any factory, plant, facility, or concern engaged in the production of goods or services, or both.

"(10) **CERTIFICATION.**—Certification of an individual as an individual described in paragraph (3)(C) shall be made in the same manner as certification under section 51.

"(d) **SPECIAL RULES.**—For purposes of this section—

"(1) **AGGREGATION OF CONTRIBUTIONS.**—

"(A) **CONTROLLED GROUP OF CORPORATIONS.**—In determining the amount of the credit under this section—

"(i) all members of the same controlled group of corporations shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such member shall be its proportionate share of the qualified job-training charitable contributions giving rise to the credit.

"(B) **COMMON CONTROL.**—Under regulations prescribed by the Secretary, in determining the amount of credit under this section—

"(i) all trades or businesses (whether or not incorporated) which are under common control shall be treated as a single taxpayer, and

"(ii) the credit (if any) allowable by this section to each such trade or business shall be its proportionate share of the qualified job-training charitable contributions giving rise to the credit.

The regulations prescribed under this subparagraph shall be based on principles similar to the principles which apply in the case of subparagraph (A).

"(2) **ALLOCATIONS.**—

"(A) **PASSTHROUGH IN THE CASE OF SUBCHAPTER S CORPORATIONS, ETC.**—Under regulations prescribed by the Secretary, rules similar to

the rules of subsections (d) and (e) of section 52 shall apply.

"(B) ALLOCATION IN THE CASE OF PARTNERSHIPS.—In the case of partnerships, the credit shall be allocated among partners under regulations prescribed by the Secretary."

(b) TECHNICAL AND CLERICAL AMENDMENTS.—

(1) Subparagraph (B) of section 55(c)(3) (relating to carryover and carryback of certain credits) is amended—

(A) by striking out "or 44H" in clause (i) and inserting in lieu thereof "44H, or 44I", and

(B) by inserting "44I(b)(1)," after "44H(b)(1)," in clause (ii).

(2) Subsection (c) of section 381 of such Code (relating to items of the distributor or transferor corporation) is amended by adding at the end thereof the following new paragraph:

"(31) CREDIT UNDER SECTION 44I.—The acquiring corporation shall take into account (to the extent proper to carry out the purposes of this section and section 44I, and under such regulations as may be prescribed by the Secretary) the items required to be taken into account for purposes of section 44I in respect of the distributor or transferor corporation."

(3)(A) Section 383 of such Code (relating to special limitations on unused investment credits, work incentive program credits, new employee credits, alcohol fuel credits, foreign taxes, and capital losses), as in effect for taxable years beginning with and after the first taxable year to which the amendments made by the Tax Reform Act of 1976 apply, is amended—

(i) by inserting "to any unused credit of the corporation under section 44I(b)(2)(B)," after "44H(b)(2)," and

(ii) by inserting "JOB-TRAINING CREDITS," after "RURAL ENTERPRISE ZONE EMPLOYMENT CREDITS," in the section heading.

(B) Section 383 of such Code (as in effect on the day before the date of the enactment of the Tax Reform Act of 1976) is amended—

(i) by inserting "to any unused credit of the corporation which could otherwise be carried forward under section 44I(b)(2)(B)," after "44H(b)(2)," and

(ii) by inserting "JOB-TRAINING CREDITS," after "RURAL ENTERPRISE ZONE EMPLOYMENT CREDITS," in the section heading.

(C) The table of sections for part V of subchapter C of chapter 1 is amended by inserting "job-training credits," after "rural enterprise zone employment credits," in the item relating to section 383.

(4) Subparagraph (C) of section 6511(d)(4) of such Code (defining credit carryback) is amended by striking out "and rural enterprise zone employment credit carryback" and inserting in lieu thereof "rural enterprise zone employment credit carryback, and job-training credit carryback".

(5) Section 6411 of such Code (relating to quick refunds in respect of tentative carryback adjustments) is amended—

(A) by striking out "or unused rural enterprise zone employment credit carryback" each place it appears and inserting in lieu thereof "unused rural enterprise zone employment credit, or unused job-training credit";

(B) by inserting ", by a job-training credit carryback provided by section 44I(b)(2)" after "by a rural enterprise zone employment credit carryback provided in section

44H(b)(2)," in the first sentence of subsection (a);

(C) by striking out "or rural enterprise zone employment credit carryback from" each place it appears and inserting in lieu thereof "a rural enterprise zone employment credit carryback, or a job-training credit carryback from"; and

(D) by inserting "or, in the case of a job-training credit carryback, to an investment credit carryback, a new employee credit carryback, a research and experimental credit carryback, or an employee stock ownership credit carryback" after "research and experimental credit carryback" in the second sentence of subsection (a).

(c)(1) Subsection (b) of section 6096 of such Code (relating to designation of income tax payments to Presidential Election Campaign Fund) is amended by striking out "and 44H" and inserting in lieu thereof "44H and 44I".

(2) The table of sections for subpart A of part IV of subchapter A of chapter 1 of such Code is amended by inserting after the item relating to section 44H the following new item:

"Sec. 44I. Charitable contributions to qualified job-training organizations."

(d) The amendments made by this section shall apply to taxable years beginning after December 31, 1984.

SUBTITLE D—REDUCTION IN CAPITAL GAIN TAX RATES

SEC. 241. CORPORATIONS.

(a) GENERAL RULE.—Subsection (a) of section 1201 (relating to alternative tax for corporations) is amended by striking out paragraph (2) and inserting in lieu thereof the following:

"(2) a tax of 28 percent of the excess (if any) of—

"(A) the net capital gain for the taxable year, over

"(B) the qualified rural enterprise zone capital gain."

(b) DEFINITION OF QUALIFIED RURAL ENTERPRISE ZONE CAPITAL GAIN.—Section 1201 is amended by redesignating subsections (b) and (c) as subsections (c) and (d) and by inserting after subsection (a) the following new subsection:

"(b) QUALIFIED RURAL ENTERPRISE ZONE CAPITAL GAIN.—For purposes of this section—

"(1) IN GENERAL.—The term 'qualified rural enterprise zone capital gain' means gain which is—

"(A) described in section 1222(3),

"(B) attributable to the sale or exchange of qualified property, and

"(C) properly allocable only to periods during which the property is qualified property.

"(2) LIMITATIONS.—The term 'qualified rural enterprise zone capital gain' does not include any gain attributable to the sale or exchange of an interest in a qualified business to the extent attributable to—

"(A) any property contributed to the qualified business within the previous 12 months,

"(B) any interest in any business which is not a qualified business, or

"(C) any other intangible property to the extent not properly allocable to the active conduct of a trade or business within a rural enterprise zone.

"(3) DEFINITIONS.—

"(A) The term 'qualified property' means—

"(i) any tangible personal property used by the taxpayer predominantly in a rural

enterprise zone in the active conduct of a trade or business within such enterprise zone.

"(ii) any real property located in a rural enterprise zone used by the taxpayer predominantly in the active conduct of a trade or business within such enterprise zone, and

"(iii) any interest in a corporation, partnership, or other entity if, for the three most recent taxable years of such entity ending before the date of disposition of such interest, such entity was a qualified business.

"(B) QUALIFIED BUSINESS.—The term 'qualified business' means any person—

"(i) which is actively engaged in the conduct of a trade or business within a rural enterprise zone during the period described in subparagraph (A)(iii),

"(ii) with respect to which at least 80 percent of such person's gross receipts for the taxable year are attributable to the active conduct of a trade or business within a rural enterprise zone, and

"(iii) with substantially all of its tangible assets located within a rural enterprise zone.

"(C) REAL ESTATE RENTAL.—For purposes of this section, ownership of residential, commercial or industrial real property within a rural enterprise zone for rental shall be treated as the active conduct of a trade or business in a rural enterprise zone.

"(D) PROPERTY REMAINS QUALIFIED AFTER ZONE DESIGNATION CEASES TO APPLY.—

"(i) IN GENERAL.—The treatment of property as qualified property under subparagraph (A) shall not terminate when the designation of the rural enterprise zone in which the property is located or used expires or is revoked.

"(ii) EXCEPTIONS.—Clause (i) shall not apply after the first sale or exchange of property occurring after the designation expires or is revoked."

SEC. 242. TAXPAYERS OTHER THAN CORPORATIONS.

Subsection (a) of section 1202 (relating to deduction for capital gains) is amended to read as follows:

"(a) DEDUCTION ALLOWED.—

"(1) IN GENERAL.—If for any taxable year a taxpayer other than a corporation has a net capital gain, there shall be allowed as a deduction from gross income an amount equal to the sum of—

"(A) 100 percent of the lesser of—

"(i) the net capital gain, or

"(ii) the qualified rural enterprise zone capital gain (as defined in section 1201(b)), plus

"(B) 60 percent of the excess (if any) of—

"(i) the net capital gain, over

"(ii) the amount of the net capital gain taken into account under subparagraph (A)."

SEC. 243. MINIMUM TAX.

Paragraph (9) of section 57(a) (relating to tax preference for capital gains) is amended by adding at the end thereof the following new subparagraph:

"(E) For purposes of this paragraph, gain attributable to qualified rural enterprise zone capital gain (within the meaning of section 1201(b)) shall not be taken into account."

SEC. 244. EFFECTIVE DATE.

The amendments made by this subtitle shall apply to sales or exchanges after December 31, 1983.

SUBTITLE E—RULES RELATING TO INDUSTRIAL DEVELOPMENT BONDS

SEC. 251. INDUSTRIAL DEVELOPMENT BONDS.

(a) LIMITATION ON ACCELERATED COST RECOVERY DEDUCTION NOT TO APPLY TO RURAL ENTERPRISE ZONE PROPERTY.—Subparagraph (C) of section 168(f)(12) (relating to limitations on property financed with tax-exempt bonds) is amended—

(1) by striking out "or" at the end of clause (iii),

(2) by striking out the period at the end of clause (iv) and inserting in lieu thereof "or", and

(3) by adding at the end thereof the following new clause:

"(v) as rural enterprise zone property (within the meaning of section 48(r))."

(b) TERMINATION OF SMALL ISSUE EXEMPTION NOT TO APPLY.—Subparagraph (N) of section 103(b)(6) (relating to termination of small issue exemption after December 31, 1986) is amended by adding at the end thereof the following new sentence: "This subparagraph shall not apply to any obligation which is part of an issue substantially all of the proceeds of which are used to finance facilities within a rural enterprise zone if such facilities are placed in service while the designation as such a zone is in effect under section 7871."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 1984, in taxable years ending after such date.

SUBTITLE F—SENSE OF THE CONGRESS WITH RESPECT TO TAX SIMPLIFICATION

SEC. 261. TAX SIMPLIFICATION.

It is the sense of the Congress that the Secretary of the Treasury should in every way possible simplify the administration and enforcement of any provision of the Internal Revenue Code of 1954 added to, or amended by, this Act.

RURAL ENTERPRISE ZONE ACT GENERAL PROVISIONS

Establishes 10 zones per year for three years designated by the Secretary of Agriculture.

Zones can be nominated and managed by a local government, State government, or consortium of governments.

ELIGIBILITY

Nominated area must be within the jurisdiction of government or governments nominating the area.

Boundary must be continuous.

Area must be outside a standard metropolitan statistical area, entirely within an Indian reservation, or otherwise determined by the Secretary as "rural".

One of the following conditions must exist:

1. Unemployment rate must be at least 125 percent of national average.

2. Poverty rate must be at least 20 percent.

3. At least 70 percent of households in area must have incomes below 80 percent of median income of households within area.

4. Population of area must have decreased by 20 percent between 1970 and 1980.

RURAL ENTERPRISE ZONE PLAN

The government or governments nominating an area must submit an enterprise zone plan to the Secretary outlining commitments and contributions by private organizations, business, and state and local governments to encourage economic expansion including tax abatement, land and building donations, public services, training, and technical and management assistance.

The entity nominating must guarantee the ability to manage the zone, including the ability to certify residents for tax assistance.

The entity must describe the planned use of existing federal resources and how such use will enhance tax incentives provided by this bill.

PREFERENCES IN DESIGNATION

Preference will be given to areas with plans which demonstrate the following:

Broad community support; ability of entity nominating to meet commitments, make land available, and reduce taxes; minimizing federal and state expenditures; minimizing loss of revenue; and labor-intensive.

Preference will also be given to areas with high annual rates of unemployment.

TAX INCENTIVES

TAX CREDIT FOR EMPLOYERS

Provides credit of 10 percent of qualified increased employment and economically disadvantaged credit amount.

"qualified increased employment."—Excess of wages paid during a taxable year over the base period wages prior to designation as zone.

"economically disadvantaged credit."—Wages paid to certain individuals, i.e., those who receive or are qualified for general assistance, or are eligible work incentive employees.

INVESTMENT TAX CREDITS

Provides a 5 percent increase in the investment tax credit for personal property (for a maximum total of 15 percent) and a 10 percent increase for new construction (for a maximum total of 20 percent)

JOB TRAINING

Similar provisions to those contained in S. 418, the Tax Credit for Job Training Act, providing tax credits to corporations which contribute to community organizations for the purposes of job training. The credit would be 10 percent.

EXPENSING

Small businesses (as defined by the Small Business Administration, i.e., less than 500 employees and less than \$9–12 million total annual sales) would be given the option of expensing rather than depreciating the costs of conducting business.

CAPITAL GAINS

Corporations.—For the purposes of capital gains tax, corporations will be taxed at a rate of 28% on the difference between the net capital gain for the taxable year and the qualified rural enterprise zone capital gain.

"Qualified rural enterprise zone capital gain"—gain attributable to sale or exchange of personal or real property or interest in a corporation which is predominantly in a zone and actively engaged in conducting trade in the zone.

Taxpayers other than Corporations.—The section in the Internal Revenue Code relating to deduction for capital gains is amended to allow a deduction from gross income in any year such taxpayer has a capital gain in an amount equal to: 100 percent of the lesser of the net capital gain or the qualified rural enterprise zone capital gain (as defined previously), plus 60 percent of the difference (if any) between the net capital gain and the capital gain taken above.

Gain attributed to "qualified rural enterprise zone capital gain" is exempt from the minimum tax.

INDUSTRIAL DEVELOPMENT BONDS

Limitations on property financed with tax-exempt bonds will not apply to rural en-

terprise zones, nor shall the termination of the small issue exemption.

By Mr. BOREN:

S. 1231. A bill to amend the Internal Revenue Code of 1954 to exempt certain piggyback trailers and semi-trailers from the tax on motor vehicles; to the Committee on Finance.

EXEMPTION FROM TAX ON CERTAIN TRAILERS

● Mr. BOREN. Mr. President, in December, during the closing hours of debate on the Surface Transportation Act of 1982, I became aware of a gross inequity which resulted from the exemption from the 12-percent Federal sales tax of a rail vehicle known as RoadRailer to the exclusion of a vehicle made and used for the same purpose, a piggyback trailer.

Today, I introduce legislation to correct this inequity and take this opportunity to briefly outline the background and facts.

Piggyback trailers pay the full 12-percent Federal sales tax even though they travel the same low mileage as a RoadRailer, and are designed and serve the same purpose as a RoadRailer. Both RoadRailer and piggyback trailer travel from the loading dock to the rail yard to be transferred for the long haul by rail. The basic difference between the RoadRailer and the piggyback trailer is that the RoadRailer has a set of train wheels to travel on the rail, while the piggyback trailer is lifted onto a flatcar to travel on the rail. Both types of trailers are specifically designed and manufactured to serve the same purpose. In addition, both types of trailers travel the same land mileage, which usually averages less than 3,000 miles a year. As a result of the difference in tax treatment for vehicles doing the same job, piggyback trailers are put at a competitive disadvantage to the RoadRailer.

The Department of Transportation states in its final report on Federal highway cost allocation:

Consideration should be given to relieving truck trailers that are manufacture for use as Piggyback trailers from the new truck excise tax.

Piggyback trailers cost more to build and weigh about 1,000 pounds more than an over-the-road trailer, and are certified to travel on the rail by the American Association of Railroads. They therefore would not represent an enforcement burden if exempted from the sales tax as is their competitor, the RoadRailer.

The \$13 million a year loss of revenue for exempting piggyback trailers would be offset by savings in wear and tear to the national highways, and statistics show it is immeasurably safer than over the road trailer transportation.

I hope that the Senate will act to put fairness into our transportation

policy by correcting this oversight in the 1982 act.●

By Mr. HART (for himself, Mr. TSONGAS, Mr. CRANSTON, Mr. ROTH, and Mr. BAUCUS).

S. 1232. A bill to clarify the responsibilities of the Secretary of the Interior with respect to national wildlife refuges; to the Committee on Environment and Public Works.

NATIONAL WILDLIFE REFUGE SYSTEM
ADMINISTRATION ACT AMENDMENTS OF 1983

● Mr. HART. Mr. President, I am introducing today, along with Senators TSONGAS, CRANSTON, ROTH, and BAUCUS, the National Wildlife Refuge System Administration Act amendments, to provide that before the Department of the Interior disposes of any lands in a national wildlife refuge the Secretary of the Interior must find that the lands are no longer needed for the purposes for which Congress created the national wildlife refuge system; to prohibit the disposal of any refuge lands that also are in the national wilderness, wild and scenic river, or trails systems; and to clarify that the Secretary cannot assign the Fish and Wildlife Service's statutory responsibility to manage refuges to any other Federal agency, to a State government, or to any other entity, without specific congressional approval.

It is a sad commentary that this legislation is needed. Under all previous administrations, of both parties, the national wildlife refuges have been properly managed by the Federal Government to fulfill the congressional mandate that these lands should be administered by the Secretary of the Interior, acting through the Fish and Wildlife Service, for the purpose of conserving wildlife.

But this administration has completely broken from this past record. This administration seems to be seeking any excuse, and any pretense of authority, to get rid of national wildlife refuges.

That is a harsh statement, but it is completely supported by the record of the past 2 years. I invite my colleagues, and all Americans, to review what this administration is doing to the national wildlife refuge system.

The Department of the Interior is in the final stages of entering into a land exchange with three Alaska native regional corporations for the express purpose of allowing the construction of an oil production staging base on St. Matthew Island, which is not only part of the Alaska Maritime National Wildlife Refuge but which is also part of the National Wilderness Preservation System. The land will first be given to the native corporation because the Department thinks it can find in an obscure provision of the Alaska Lands Act of 1980 authority to exchange any Federal land with native

corporations. But everybody knows, even the Department admits, that the real purpose of the exchange is to let the native corporation turn around and give the lands on St. Matthew Island to ARCO, which wants to build a staging base for its exploration and development of oil on the Alaska coastline.

Let me repeat this: The Department of the Interior is preparing to give away land which the Congress has said should be a national wildlife refuge and a wilderness area so an oil company can build a base of operations.

St. Matthew Island was designated as a national wildlife refuge, in 1909, because of its unique wildlife values. It has been estimated that 1½ million sea birds breed on the island. It is one of the very few areas where the McKay's bunting nests. It also is important habitat for seals and other marine mammals. To insure proper protection of this island, Congress in 1970 added it to the national wilderness system, guaranteeing that the land remains for all time as wilderness, which Congress in 1964 defined in this way:

A wilderness, in contrast with those areas where man and his own works dominate the landscape, is hereby recognized as an area where the earth and its community of life are untrammeled by man, where man himself is a visitor who does not remain. An area of wilderness is further defined to mean in this chapter an area of undeveloped Federal land retaining its primeval character and influence, without permanent improvements or human habitation, which is protected and managed so as to preserve its natural conditions and which (1) generally appears to have been affected primarily by the forces of nature, with the imprint of man's work substantially unnoticeable; (2) has outstanding opportunities for solitude or a primitive and unconfined type of recreation; (3) has at least five thousand acres of land or is of sufficient size as to make practicable its preservation and use in an unimpaired condition; and (4) may also contain ecological, geological, or other features of scientific, educational, or historical value.

Now the administration thinks it has found a loophole in the Alaska Lands Act that lets it ignore the congressional declaration that St. Matthew Island is part of the national wilderness system. It is giving away the island so an oil development staging center can be built on it. This is being done without any congressional approval or even consultation. It is being done without a single public hearing. It is being done without any study of the environmental impacts. And, as I am sure the courts eventually will hold, it is being done in violation of the Wilderness Act and the other laws of the United States.

But we should not have to wait for the courts to rule this action illegal. This administration has tried to go too far before, and Congress has stopped it. Congress has prevented the administration from leasing Outer Continen-

tal Shelf lands off the coast of California, where the environmental values clearly outweigh the energy values. Congress has prevented the administration from opening up our wilderness areas to oil and gas drilling. Now Congress should act to stop the giveaway of St. Matthew Island, which may be the worst abuse yet by the Department of the Interior under this administration.

Although the giveaway of St. Matthew Island is the most egregious example of the Department of the Interior's efforts to get rid of national wildlife refuge lands, it is far from the only example.

The Department is similarly in the final stages of negotiating another land exchange to turn over to another Alaska native regional corporation all of Middleton Island, another unit of the Alaska Maritime National Wildlife Refuge. Middleton Island is the breeding ground for hundreds of thousands of sea birds and thousands of sea lions and other marine mammals.

The Department has proposed an exchange with the Commonwealth of Virginia—an exchange which the State does not even seem to want—to give the State government a corridor to build a road through the Back Bay National Wildlife Refuge, largely for the convenience of people driving to North Carolina's Outer Banks. But Congress has said this area should be managed for the primary purpose of protecting its wildlife—which include one of the few nesting pairs of bald eagles in the Eastern United States—not for the convenience of tourists.

The Department of the Interior offered to give to the State of Texas the Federal lands on Matagorda Island, which are part of the Aransas National Wildlife Refuge and include critical habitat for the endangered whooping crane. In the face of the public outcry over this proposed giveaway, the Department negotiated with the State government an agreement for combined Federal/State management of the island. Legislation to ratify this agreement is now proceeding through both Houses of Congress—but the Department says the legislation is not needed, claiming that it has the authority on its own to turn over to a State government the responsibility of managing a national wildlife refuge.

The Department has said it is considering using this claimed authority to similarly turn over to the Kansas State government the management of Flint Hills National Wildlife Refuge, simply to reduce the Department's expenses. But this 18,500 acre is part of the habitat area for the largest remaining population of greater prairie chickens and in recent years has experienced a spectacular increase in bald eagle numbers. Ten years ago the eagle was an occasional visitor to the

refuge, with 10 to 30 sightings reported every year. But this year a total of 133 bald eagles have been reported.

The Secretary of the Interior tried to assign to the U.S. Geological Survey, instead of the Fish and Wildlife Service, the authority to manage the Arctic National Wildlife Refuge in Alaska, the crown jewel of our national wildlife refuge system, despite the clear statutory mandate in the National Wildlife Refuge Administration Act that refuges "shall be administered by the Secretary through the U.S. Fish and Wildlife Service." That effort of the Secretary was blocked by the U.S. district court in Alaska, which held in Trustees for Alaska against Watt that the Secretary cannot ignore such a clear congressional directive.

The other things this administration has considered doing to our wildlife refuges include trading away part of the Havasu National Wildlife Refuge in Arizona for the construction of a country club and marina, and leasing part of the Hawaiian National Wildlife Refuge as a commercial fishing base.

Mr. President, it is time for this to stop. Our national wildlife refuges should remain just that: national wildlife refuges. That is the simple purpose of the bill we are introducing today, the National Wildlife Refuge System Administration Act Amendments of 1983. Our legislation would allow the Department of the Interior to dispose of lands in a national wildlife refuge only if the lands are not part of the National Wilderness System, the National Wild and Scenic Rivers System, or the National Trails Systems, and are not under study for possible inclusion in those systems; if the Secretary determines, after notice and an opportunity for a public hearing, that the lands are no longer needed for the purposes for which Congress created the national wildlife refuge system; and if the Secretary gives Congress 30 days notice of the proposed conveyance. Our bill also would clarify that the Secretary is to manage national wildlife refuges, through the Fish and Wildlife Service, unless Congress determines otherwise on a case-by-case basis—as, for example, has been proposed with respect to Matagorda Island in Texas.

I urge Congress to act on this legislation speedily—while we still have national wildlife refuges to retain.

I ask unanimous consent to have the text of our bill printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1232

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "National Wildlife Refuge System Administration Act Amendments of 1983".

SEC. 2. The National Wildlife Refuge System Administration Act (Public Law 89-669), as amended, is amended—

(a) in section 4(a)(1), as amended (16 U.S.C. 668dd(a)(1))—

(1) by inserting "and managed" after "administered"; and

(2) by striking the period at the end of the first sentence and "With" in the second sentence and inserting in lieu thereof a comma and the following: "unless otherwise specified by an Act of Congress enacted after May 6, 1983, except that with";

(b) in section 4(a)(2), as amended (16 U.S.C. 668dd(a)(2)), by striking "(except" and all that follows through the end of paragraph (A) and inserting in lieu thereof the following: "except as provided in subsection (b)(4) and unless—

"(A) the Migratory Bird Conservation Commission approves the determination of the Secretary under subsection (b)(4)(A)(ii) that the lands to be conveyed are no longer needed for the purposes for which the System was established; and";

(c) in section 4(a)(3), as amended (16 U.S.C. 668dd(a)(3)), by striking clauses (ii) and (iii) and inserting in lieu thereof the following:

"(ii) the disposal, pursuant to the terms of any cooperative agreement referred to in subparagraph (B) of this paragraph, of any lands within any such area which were included in the System pursuant to that cooperative agreement; or

"(iii) the sale, exchange, or interchange of any lands within any such area under subsection (b)(4)."; and

(d) in section 4(b), as amended (16 U.S.C. 668dd(b))—

(1) by striking "and" at the end of paragraph (2);

(2) in paragraph (3) by inserting "(including, but only as provided in paragraph (4), lands within the System)" after "jurisdiction";

(3) in paragraph (3) by striking the period at the end thereof and inserting in lieu thereof a semicolon and "and"; and

(4) by inserting at the end thereof a new paragraph as follows:

"(4) to sell, exchange, or interchange by quitclaim deed all right, title, and interest of the United States in and to lands or interests in lands included in the System, and to accept as consideration for the lands sold, exchanged, or interchanged other lands, interest in lands, or cash payment, or any combination of such forms of consideration, which, in the case of conveyance by sale or exchange, is at least equal in value or, in the case of conveyance by interchange, is of approximately equal value, to the lands being conveyed by the Secretary, but only if—

"(A)(i) the lands to be conveyed are not components of the National Wilderness Preservation System, the National Wild and Scenic Rivers System, or the National Trails System and are not under study for possible inclusion in any such System;

"(ii) the Secretary determines, after notice and an opportunity for a hearing, the lands to be conveyed are no longer needed for the purposes for which the System was established; and

"(iii) the Secretary has provided thirty days notice of the proposed sale, exchange, or interchange to the Congressional delegation of the State or States in which the lands to be conveyed are located and to the Senate Committee on Environment and Public Works and to the House of Representatives Committee on Merchant Marine and Fisheries; or

"(B) the sale, exchange, or interchange is authorized by an Act of Congress enacted after May 6, 1983.

The only lands and interests in lands in the System that may be exchanged under section 1302(h) of the Alaska National Interest Lands Conservation Act of 1980 (16 U.S.C. 3192(h)) are those lands and interests in lands described in this subsection. This subsection shall not be construed as authorizing the Secretary to convey, transfer, assign, or relinquish his authority and responsibility to administer and manage through the United States Fish and Wildlife Service lands within the System for which the United States retains title."●

By Mr. PRYOR (for himself, Mr. HEINZ, Mr. RIEGLE, and Mr. PELL):

S. 1233. A bill to prohibit the drugging or numbing of racehorses and related practices, and to amend title 18, United States Code, to prohibit certain activities conducted in interstate or foreign commerce relating to such practices; to the Committee on the Judiciary.

PROHIBITION OF DRUGGING OR NUMBING OF RACEHORSES

● Mr. PRYOR. Mr. President, today I am reintroducing legislation to establish Federal minimum standards to prohibit the drugging or numbing of race horses.

This bill was the subject of hearings before the Criminal Justice Subcommittee of the Judiciary Committee during the last Congress. Based on the testimony presented at those hearings, I am convinced that the misuse of drugs in horse racing is a serious national problem in search of a solution. The use of potent, illegal drugs—often obtained in other countries—has harmed the integrity of racing. The misuse of legitimate drugs to keep lame horses on the track despite their infirmities risks the health and life of horses and jockeys.

Nearly all of the elements of the racing industry want to end abusive drugging practices. Many want a return to a regimen of nothing more than hay, oats, and water. Yet, despite this desire, the industry's efforts to unify the patchwork quilt of State regulation, and to improve State-level detection and enforcement capabilities, remain incomplete.

The legislation I introduce today provides a solution to this problem that nevertheless respects the strong interest each State has in the regulation of its racing industry. The bill would authorize the establishment of minimum Federal standards to regulate the use of drugs in race horses, and would create an effective detection and enforcement program. States whose drug-regulation laws and programs met or exceeded the Federal standards would be exempt from the bill's provisions. Enforcement of the bill would be delayed for 2 years so that the States would have an oppor-

tunity to bring their laws into conformance with the Federal standards. Only if a State failed to act would the Federal Government step in.

Horse racing is a huge interstate business. Horses and jockeys travel from State to State to compete. In fact, horses may be trained in one State and raced in as many as 30. As a result, there is a compelling need for drug rules and enforcement to be uniform throughout the Nation.

The National Association of State Racing Commissioners has recognized that need, as have many other elements of the industry. Regrettably, their efforts have not been able to bring about uniformity. The modest purpose of this legislation is to achieve that goal by creating a Federal framework in which those States that are committed to ending drugging abuses can act.

The horse that runs on an injured limb; the jockey who risks his life riding an unsound mount; the racing fan whose sport is compromised by drug misuse; all deserve the protection that this legislation would help to provide.

Mr. President, I ask unanimous consent that the text of this bill be printed in the RECORD.

There being no objection, the bill was ordered to be printed in the RECORD, as follows:

S. 1233

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

DEFINITIONS

SECTION 1. As used in this Act—

(1) the term "Administrator" means the Administrator of the Drug Enforcement Administration, Department of Justice;

(2) the term "drugging," when used with respect to a horse entered in a horserace, means administering to a racehorse of any substance, foreign to the natural horse, prior to the start of a horserace;

(3) the term "numbing," when used with respect to a horse entered in a horserace, means the applying of ice, dry ice, a cold pack, or a chemical or mechanical freezing device to the limbs of a racehorse within ten hours before the start of such horserace, or a surgical or other procedure, which was, at any time, performed in which the nerves of such horse were severed, destroyed, or removed;

(4) the term "horserace" means any race of equine animals in any State in which parimutuel betting on the outcome of such race is permitted in such State;

(5) the term "entered," when used with respect to a horserace, means that a horse has been registered with the racing secretary or other authorized racing official as a participant in a specified race, and not withdrawn prior to presentation of the horse for inspection and testing pursuant to section 6(a).

(6) the term "State" means any of the several States, the District of Columbia, the Commonwealth of Puerto Rico, the Commonwealth of Northern Mariana Islands, the Virgin Islands, Guam, American Samoa, and the Trust Territory of the Pacific Islands.

FINDINGS

SEC. 2. The Congress finds that—

(1) the practice of drugging or numbing a racehorse prior to a horserace—

(A) corrupts the integrity of the sport of horseracing and promotes criminal fraud in such sport,

(B) misleads the wagering public and those desiring to purchase such horse as to the condition of such horse,

(C) poses an unreasonable risk of serious injury or death to the rider of such horse and to the rider of other horses competing in the same race, and

(D) is cruel and inhumane to the horse so drugged or numbed;

(2) the practice of drugging or numbing a racehorse adversely affects and burdens interstate commerce; and

(3) criminal penalties and other sanctions are necessary in order to prevent and eliminate such practices.

PROHIBITED CONDUCT

SEC. 3. The following conduct is prohibited:

(1) the entering of a horse in a horserace by the trainer or owner of such horse if such trainer or owner knows or if by the exercise of reasonable care such trainer or owner should know that such horse is drugged or numbed;

(2) the drugging or numbing of a racehorse with knowledge or with reason to believe that such horse will compete in a horserace while so drugged or numbed: *Provided*, That the Administrator may by regulation establish permissible trace levels of substances foreign to the natural horse that he determines to be innocuous;

(3) the willful failure by the operator of a horseracing facility to disqualify a horse from competing in a horserace if such operator has, in accordance with section 6(a) of this Act, been notified that such horse is drugged or numbed, or was not properly made available for tests or inspections as required under such section; and

(4) the willful failure by the operator of a horseracing facility to prohibit a horse from racing if such operator has, in accordance with section 5(f) of this Act, been notified that such horse has been suspended from racing.

PENALTIES AND ENFORCEMENT POWERS

SEC. 4. (a) CRIMINAL PENALTIES.—(1)(A) Except as provided in subparagraph (B) of this paragraph, any person who violates any provision of section 4 of this Act shall, upon conviction thereof, be fined not more than \$10,000, or imprisoned for not more than one year, or both.

(B) Any person who violates section 4 of this Act and who has been previously convicted for a violation of such section shall be fined not more than \$25,000, or imprisoned for not more than three years, or both, upon conviction.

(2)(A) Whoever forcibly assaults, resists, opposes, impedes, intimidates, or interferes with a person while such person is engaged in or on account of the performance by such person of any official duties delegated to such person under this Act shall be fined not more than \$25,000, or imprisoned not more than three years, or both.

(B) Whoever, in the commission of any of the acts referred to in subparagraph (A) of this paragraph, uses, or threatens to use a deadly or dangerous weapon shall be fined not more than \$50,000, or imprisoned not more than ten years, or both.

(C) Whoever kills a person while such person is engaged in or on account of the

performance by such person of any official duties of such person under this Act shall be punished as provided in sections 1111 and 1112 of title 18 of the United States Code.

(3) Whoever knowingly makes, or causes to be made, a false entry or statement in a report or account required to be made under this Act; knowingly fails to make full, true, and correct entries in such records; removes any such documentary evidence out of the jurisdiction of the United States; mutilates, alters, or by any other means falsifies any such documentary evidence; or refuses to submit any documentary evidence to the Administrator for inspection and copying shall be guilty of an offense against the United States, and upon conviction thereof shall be fined not more than \$25,000, or imprisoned for not more than three years, or both.

(b) DISQUALIFICATIONS OF OFFENDERS.—(1) Except as provided in paragraph (2) of this subsection, any person who violates any provision of this Act shall, upon conviction thereof, by order of the Administrator, be disqualified from entering a horse in a horserace, operating a horseracing facility, or performing for gain any service rendered in connection with horseracing, for a period not to exceed one year.

(2) Any person who violates any provision of this Act and who has been previously convicted for a violation of such Act shall, by order of the Administrator, be disqualified from entering a horse in a horserace, operating a horseracing facility, or performing for gain any service rendered in connection with horseracing, for a period not to exceed five years.

(c) CIVIL PENALTIES; REVIEW AND ENFORCEMENT.—(1)(A) Any person who knowingly violates an order of disqualification issued under subsection (b) of this section shall be liable to the United States for a civil penalty of not more than \$15,000 for each such violation.

(B) The operator of a horseracing facility which knowingly allows a person to enter a horse in a horserace or perform for gain any service rendered in connection with horseracing in violation of an order of disqualification entered under subsection (b) of this section shall be liable to the United States for a civil penalty of not more than \$15,000 for each such violation.

(2) No civil penalty shall be assessed against any person under paragraph (1) of this subsection unless such person is given notice and an opportunity for a hearing before the Administrator with respect to such violation. The amount of any such civil penalty shall be assessed by the Administrator by written order. In determining the amount of such penalty, the Administrator shall take into account all factors relevant to such determination, including the nature, circumstances, extent, and gravity of the prohibited conduct, and, with respect to the person found to have engaged in such conduct, the degree of culpability, any history of prior offenses, ability to pay, effect on ability to continue to do business, and such other matters as justice may require.

(3) Any person as to whom a civil penalty is assessed under paragraph (1) of this subsection may obtain review in the court of appeals of the United States for the circuit in which such person resides or has his place of business or in the United States Court of Appeals for the District of Columbia by filing a notice of appeal in such court within thirty days after the date of such order and by simultaneously sending a copy of such notice by certified mail to the Ad-

ministrator. The Administrator shall promptly file in such court a certified copy of the record upon which such violation was found and such penalty assessed, as provided under section 2112 of title 28 of the United States Code. The findings of the Administrator shall be set aside if found to be unsupported by substantial evidence.

(4) If a person fails to pay an assessment of a civil penalty after it has become a final and unappealable order, or, if an appeal is taken, after the appropriate court of appeals has entered final judgment in favor of the Administrator, the Administrator shall refer the matter to the Attorney General, who shall recover the amount assessed in any appropriate district court of the United States. In such recovery action, the validity and appropriateness of the final order imposing the civil penalty shall not be subject to review.

(d) **SUSPENSION OF HORSE FROM RACING.**—(1) Any racehorse found to have been drugged or numbed in violation of this Act shall, subject to paragraph (2) of this subsection, be suspended from competing in any horserace for a period of six months for the first infraction, and for a period of not less than twelve months for each subsequent infraction.

(2) No racehorse shall be suspended under paragraph (1) of this subsection unless the owner of such horse is given notice and an opportunity for a hearing before the Administrator within two weeks after the date on which the infraction referred to in such paragraph is discovered. The appeal procedure set forth in subsection (c)(3) of this section shall apply with respect to any suspension order made in a hearing conducted under this paragraph.

(e) **NOTIFICATION OF SUSPENSIONS AND DISQUALIFICATIONS.**—Notification of all suspensions and disqualifications under this section shall be transmitted to the operator of each horseracing facility in accordance with such procedures as the Administrator shall by regulation prescribe.

(f) **MODIFICATION OF PENALTIES.**—The Administrator may, in his discretion, compromise, modify, or remit, with or without conditions, any civil penalty, disqualification, or suspension assessed under this subsection.

(g) **PRODUCTION OF WITNESSES, BOOKS, PAPERS, AND DOCUMENTS; DEPOSITIONS; FEES; JURISDICTION.**—(1) The Administrator may require by subpoena the attendance and testimony of witnesses or the production of books, papers, or other documentary evidence relating to any matter under investigation or the subject of a proceeding under this Act. Witnesses summoned before the Administrator shall be paid the same fees and mileage as are paid witnesses in the courts of the United States.

(2) The attendance of witnesses and the production of books, papers, and documents, may be required at any designated place from any place in the United States. In case of refusal to obey a subpoena served upon a person under this Act, the Administrator, or any party to a proceeding held before the Administrator under this Act, may petition the district court of the United States for the district in which such person is found, resides, or transacts business, to issue an order requiring such person to comply with such subpoena.

(3) The Administrator may order testimony to be taken by deposition under oath in any proceeding or investigation pending before him, at any stage or such proceeding or investigation. A deposition may be taken before any person designated by the Admin-

istrator who has power to administer oaths. The Administrator may require the production of relevant books, papers, or other documentary evidence at the taking of such a deposition.

(4) Witnesses whose depositions are taken and the persons taking them shall be entitled to the same fees as are paid for like services in the courts of the United States.

(5) The United States district courts, the District Court of Guam, the District Court of the Virgin Islands, the highest court of American Samoa, and the United States courts of the other territories are vested with jurisdiction specifically to enforce, and to prevent and restrain violations of this Act, and shall have jurisdiction in all other kinds of cases arising under this Act.

(h) **DETENTION OF HORSES; SEIZURE AND CONDEMNATION OF EQUIPMENT.**—(1) A person appointed under section 6 of this Act may detain (for a period not to exceed twenty-four hours) for examination, testing, or the taking of evidence, any horse at a horserace which is drugged or numbed, or which such veterinary doctor, based upon the results of an inspection, test, or other procedure conducted under such section, has probable cause to believe is drugged or numbed. Any horse which is detained subject to this paragraph shall not, during such detention, be moved from the place where such horse is so detained except as authorized by such veterinary doctor.

(2) Any equipment, device, paraphernalia, or substance used in violation of any provision of this Act or any regulation issued thereunder, or which contributed to the drugging or numbing of any horse at or prior to any horserace, shall be liable to be proceeded against by process of libel for the seizure and condemnation of such equipment, device, paraphernalia, or substance, in any United States district court within the jurisdiction in which such equipment, device, paraphernalia, or substance is found. Such proceedings shall conform as nearly as possible to proceedings in rem in admiralty.

INSPECTIONS, TESTS, AND RECORDS

SEC. 5. (a) APPOINTMENT OF PERSONNEL.—For purposes of detecting violations of this Act, the Administrator shall appoint qualified veterinary doctors, biochemists, and such other personnel as the Administrator considers necessary. Such veterinary doctors, biochemists, and other personnel shall, in accordance with such procedures as the Administrator shall by regulation prescribe—

(1) analyze the blood sample which shall be taken from each horse entered in a horserace no sooner than six hours and no later than four hours before the start of such horserace to determine if such horse has been drugged;

(2) examine each horse entered in a horserace within one hour before the start of such horserace to determine if such horse has been numbed;

(3) analyze samples of urine and blood which shall be taken immediately after a horserace from horses that competed in such race, to determine if such horses have been drugged;

(4) perform such other similar tests and inspections as the Administrator considers necessary to carry out this Act;

(5) store blood and urine samples in a frozen state or in any other appropriate manner so that they may be preserved for future analysis.

The identity of any racehorse determined under this subsection to be drugged or numbed shall, in accordance with such pro-

cedures as the Administrator shall by regulation prescribe, be reported to the operator of the horseracing facility, the Administrator, and the appropriate United States attorney. The identity of any racehorse not made available, in accordance with such regulations as the Administrator shall prescribe, for any test or inspection required under this subsection shall likewise be reported to such operator.

(b) **TESTING FACILITIES.**—(1) The operator of a horseracing facility shall, in accordance with such regulations as the Administrator shall prescribe, provide the Administrator with adequate space and facilities in order that the inspections, tests, and other procedures described in subsection (a) of this section may be performed. Access to such space and facilities shall be restricted in accordance with such regulations as the Administrator shall prescribe.

(2) Any horseracing facility which fails to comply with paragraph (1) of this subsection shall, by order of the Administrator, be disqualified from holding horseraces while such facility remains in noncompliance with such paragraph. The operator of a horseracing facility which violates such an order shall be liable to the United States for a civil penalty of not less than \$10,000, and not more than \$250,000 for each day of such noncompliance.

(3) The provisions of sections 5 (c) and (f) of this Act, relating to the assessment, review, collection, and compromise, modification, or remission of a civil penalty apply with respect to civil penalties under this subsection.

(c) **RECORDKEEPING AND REPORTING REQUIREMENTS; AVAILABILITY OF RECORDS.**—The operator of any horseracing facility shall establish and maintain such records, make such reports, and provide such information as the Administrator may by regulation reasonably require for the purpose of implementing this Act or to determine compliance with this Act. Upon request of an officer or employee duly designated by the Administrator, such operator shall permit entry at all reasonable times for the inspection and copying (on or off the premises) of records required to be maintained under this subsection.

APPROPRIATE USE OF EMPLOYEES OF DRUG ENFORCEMENT ADMINISTRATION AND OF CONSENTING STATES; RESEARCH STUDIES

SEC. 6. (a) The Administrator, in carrying out this Act, shall utilize, to the maximum extent practicable, the existing personnel and facilities of the Drug Enforcement Administration, Department of Justice. The Administrator is further authorized to utilize the officers and employees of any State, with its consent, and with or without reimbursement, to assist him in carrying out the provisions of this Act.

(b) The Administrator shall conduct research studies to develop methods and techniques to identify drugging and numbing practices. The Administrator may contract for such studies with universities, schools of veterinary medicine or other institutions or individuals having special expertise in the detection of drugging and numbing.

STATE EXEMPTIONS

SEC. 7. At the request of the chief executive of any State, the Administrator shall exempt that State from the operation of this Act if he finds that the State has enacted and put into operation a comparable program to prohibit the drugging and numbing of racehorses. In determining whether the State program is comparable,

the Administrator shall examine the practices prohibited by State law, the inspections and tests required, and the penalties imposed. The Administrator shall review the operations of each exempted State's program on an annual basis and shall revoke the exemption if the program fails to meet the objectives of this Act. The assessment provided for in section 11 of this Act shall not be levied in any exempted State.

REPORTS TO CONGRESS

SEC. 8. On or before the expiration of eighteen calendar months following July 1, 1980, and every twenty-four calendar months thereafter, the Administrator shall submit to Congress a report upon the matters covered by this Act, including enforcement and other actions taken thereunder, together with such recommendations for legislative and other action as the Administrator deems appropriate.

AUTHORIZATION OF APPROPRIATION AND FEES

SEC. 9. There are authorized to be appropriated for the first two fiscal years beginning after the date of enactment of this Act such sums as are necessary to carry out this Act not to exceed \$5,000,000 for the development of a Federal enforcement program. For each fiscal year thereafter the Administrator may, in order to meet the costs necessary to carry out this Act, assess a daily fee for each racing day upon the operation of every horseracing facility subject to the provisions of this Act. Such fees may vary to take into account the size of the facility, and shall be assessed and collected in accordance with such procedures as the Administrator shall by regulation prescribe. No funds shall be collected nor shall any be spent to carry out the purposes of this Act for any fiscal year beginning more than ten years after the date of the enactment of this Act.

AMENDMENT TO TITLE 18 OF THE UNITED STATES CODE

SEC. 10. Section 1952(b) of title 18, United States Code, relating to interstate and foreign travel or transportation in aid of racketeering enterprise, is amended by inserting immediately before the period, "or any act committed in violation of section 3 of the Act entitled 'An Act to prohibit the druging or numbing of racehorses and related practices, and to amend title 18, United States Code, to prohibit certain activities conducted in interstate or foreign commerce relating to such practices', effective on the first day of the first fiscal year beginning more than two fiscal years after the date of enactment of such Act".

EFFECTIVE DATE

SEC. 11. The prohibitions in this Act including section 10 shall become effective and enforceable on the first day of the first fiscal year beginning more than two fiscal years after the date of enactment of this Act in order to allow the States to develop programs qualifying for State exemptions under section 7 of this Act.

By Mr. BOSCHWITZ (for himself, Mr. SYMMS, Mr. LAXALT, Mr. DECONCINI, Mr. RANDOLPH, Mr. GORTON, Mr. NUNN, Mr. BOREN, Mr. DIXON, Mr. HELMS, Mr. SASSER, Mr. GLENN, Mr. DURENBERGER, Mr. FORD, Mr. RUDMAN, Mr. INOUE, Mr. MITCHELL, Mr. PRYOR, Mr. EAST, Mr. CHILES, Mr. MATTINGLY, Mr. COCHRAN, Mr.

MOYNIHAN, Mr. BUMPERS, and Mr. THURMOND):

S.J. Res. 97. Joint resolution to authorize the erection of a memorial on public grounds in the District of Columbia, or its environs, in honor and commemoration of members of the Armed Forces of the United States and the allied forces who served in the Korean war; to the Committee on Rules and Administration.

KOREAN WAR MEMORIAL

● Mr. BOSCHWITZ. Mr. President, today I am introducing a resolution to authorize the erection of a memorial to honor those brave men and women who served in the Armed Forces in the Korean war.

The United States joined with 16 Allied Nations 30 years ago to protect the freedom of South Korea from Communist aggression. Nearly 6 million Americans fought in Korea—fighting for the democratic freedoms this country cherishes. 100,000 Americans were wounded in the fighting and 54,000 were killed. Their sacrifice deserves recognition.

Today over 5.7 million Korean war veterans are living in the United States, but their dedication to protecting freedom has largely been ignored. If the television show M.A.S.H. had not been on the air—a favorite of mine I must admit—most people in the United States would probably have forgotten our successful efforts to preserve South Korea's sovereignty.

My legislation seeks to correct this lack of recognition by authorizing the erection of a Korean war memorial on public grounds in the District of Columbia or its environs.

A committee has already been formed to raise the funds necessary to construct such a memorial. Former President Gerald R. Ford, Mrs. Douglas MacArthur, Gen. Matthew Ridgeway, Senator PAUL LAXALT, Rev. Theodore Hesberg, and Speaker of the House TIP O'NEILL are, among others, members of the memorial's national sponsoring committee.

I wish to emphasize that the memorial will be built without the use of public funds. The Secretary of the Interior, the National Commission on Fine Arts, and the National Capitol Planning Commission will select the site and approve the design. Maintenance will be provided by the Department of the Interior or the government of the District of Columbia, depending on the location of the memorial. But funds to build the memorial will come solely from private sources.

I hope the Senate takes this opportunity to honor those who served so well in the Korean war. I urge my colleagues to join with me in supporting this resolution in recognition of the Korean war veteran. ●

ADDITIONAL COSPONSORS

S. 113

At the request of Mr. ABDNOR, the name of the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 113, a bill to amend the Internal Revenue Code of 1954 to repeal the highway-use tax on heavy trucks and to increase the tax on diesel fuel used in heavy trucks.

S. 790

At the request of Mr. STEVENS, the name of the Senator from Washington (Mr. GORTON) was added as a cosponsor of S. 790, a bill to amend the Commodity Credit Corporation Charter Act and section 32 of the act of August 24, 1935, to include fish and fish products within the meaning of agricultural commodities.

S. 869

At the request of Mr. HEINZ, the name of the Senator from Illinois (Mr. DIXON) was added as a cosponsor of S. 869, a bill to amend the Export-Import Bank Act of 1945.

S. 911

At the request of Mr. CHILES, the name of the Senator from Oregon (Mr. HATFIELD) was added as a cosponsor of S. 911, a bill to establish a Commission to make recommendations for changes in the role of nonparty multicandidate political action committees in the financing of campaigns of candidates for Federal office.

S. 1004

At the request of Mr. D'AMATO, the name of the Senator from Montana (Mr. MELCHER) was added as a cosponsor of S. 1004, a bill to amend the Federal employees health benefits plan provisions of chapter 89, title 5, United States Code to assure adequate mental health benefit levels and otherwise limit benefit reductions.

S. 1043

At the request of Mr. D'AMATO, the name of the Senator from North Dakota (Mr. ANDREWS) was added as a cosponsor of S. 1043, a bill to amend the Internal Revenue Code of 1954 to provide tax incentives for small business.

S. 1093

At the request of Mr. DODD, the name of the Senator from Florida (Mr. CHILES) was added as a cosponsor of S. 1093, a bill to provide for research on the evaluation and assessment of education in mathematics and sciences.

S. 1113

At the request of Mr. D'AMATO, the name of the Senator from Kentucky (Mr. HUDDLESTON) was added as a cosponsor of S. 1113, a bill to amend the Internal Revenue Code of 1954 to provide that tax-exempt interest shall not be taken into account in determining the amount of social security benefits to be taxed.

S. 1159

At the request of Mr. HATFIELD, the names of the Senator from Ohio (Mr. METZENBAUM), and the Senator from Nebraska (Mr. EXON) were added as cosponsors of S. 1159, a bill to amend the Export Administration Act of 1979 to extend the provisions relating to the export of domestically produced crude oil.

SENATE JOINT RESOLUTION 77

At the request of Mr. DOLE, the name of the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of Senate Joint Resolution 77, a joint resolution designating "National Animal Agriculture Week."

SENATE JOINT RESOLUTION 83

At the request of Mr. HEINZ, the names of the Senator from North Carolina (Mr. HELMS), the Senator from Illinois (Mr. DIXON), the Senator from South Carolina (Mr. THURMOND), and the Senator from West Virginia (Mr. BYRD) were added as cosponsors of Senate Joint Resolution 83, a bill to recognize Senior Center Week during Senior Citizen Month as proclaimed by the President.

SENATE JOINT RESOLUTION 94

At the request of Mr. MATTINGLY, the name of the Senator from Iowa (Mr. GRASSLEY) was added as a cosponsor of Senate Joint Resolution 94, a joint resolution to authorize and request the President to designate May 8, 1983 to June 19, 1983, as "Family Reunion Month."

SENATE CONCURRENT RESOLUTION 21

At the request of Mr. COHEN, the names of the Senator from Vermont (Mr. STAFFORD), the Senator from Ohio (Mr. METZENBAUM), the Senator from Michigan (Mr. RIEGLE), the Senator from Massachusetts (Mr. TSONGAS), and the Senator from Arizona (Mr. DECONCINI) were added as cosponsors of Senate Concurrent Resolution 21, a concurrent resolution expressing the sense of the Congress respecting the administration of title X of the Public Health Service Act.

SENATE RESOLUTION 72

At the request of Mr. HEINZ, the name of the Senator from Oklahoma (Mr. NICKLES) was added as a cosponsor of Senate Resolution 72, a resolution to assure Israel's security, to oppose advance arms sales to Jordan, and to further peace in the Middle East.

SENATE RESOLUTION 133

At the request of Mr. MOYNIHAN, the name of the Senator from Colorado (Mr. HART) was added as a cosponsor of Senate Resolution 133, a resolution to express the sense of the Senate in support of "Solidarity Sunday."

SENATE CONCURRENT RESOLUTION 32—RAISING THE AGE FOR DRINKING AND PURCHASING ALCOHOL

Mr. SPECTER (for himself, Mr. BURDICK, Mr. PRYOR, Mr. DOLE, and Mr. DANFORTH) submitted the following concurrent resolution; which was referred to the Committee on the Judiciary:

S. CON. RES. 32

Whereas of the 25,000 persons who die each year in drunk driving accidents, 5,000 are teenagers and almost 35 percent are between the ages of 16 and 24;

Whereas almost 60 percent of fatally injured teenage drivers had alcohol in their blood;

Whereas life expectancy in America has improved over the past 75 years for every age group, except 15- to 24-year-olds, and the leading single cause of death for this age group is drunk driving;

Whereas available data shows a direct correlation between minimum drinking age and alcohol-related accidents in the 18- to 21-year-old group;

Whereas numerous empirical investigations have shown significant increases in motor vehicle crash involvement among young drivers after reductions in the drinking age;

Whereas as a result of this emerging research, a number of States in recent years raised the drinking age; and

Whereas the National Transportation Safety Board has urged that the legal minimum age for drinking and purchasing alcohol be raised to 21 years nationwide in an effort to cut the highway death toll from drunken driving; Now, therefore, be it

Resolved by the Senate (the House of Representatives concurring), That it is the sense of the Congress that the age for drinking and purchasing all alcoholic beverages should be raised to 21 years in those 34 States and the District of Columbia where the drinking age is now less than 21 years.

Mr. SPECTER. Mr. President, I rise today to reintroduce a sense-of-the-Congress resolution concerning the legal minimum age for drinking and purchasing alcohol. This resolution was introduced at the end of the last Congress. The essence of this resolution expresses the sense of the Congress that the legal age for drinking should be raised to the age of 21 in those 34 States and the District of Columbia where the drinking age is now less than 21. This resolution follows the recommendation of the National Transportation Safety Board, which has urged that the minimum age for drinking and purchase of liquor be raised uniformly in the United States to 21 years.

The underlying facts are overwhelming. Of the 25,000 persons who die each year in drunk-driving accidents, some 5,000 are teenagers. Of the fatally injured teenagers in automobile accidents, some 60 percent of those have alcohol in their blood. In the course of the past 75 years, the life expectancy in the United States had increased for every group except one age bracket, and that is in the 15- to 24-year-old

category. The leading single cause of death in this group was drunk driving.

The legal age for drinking had generally been 21 until a series of State laws were changed in the 1970's to reduce that age in accordance with general efforts to give full legal rights to those 18 and above. In light of the empirical evidence which we have, there is good reason at this time to reverse that trend and make the legal age 21, as it had been for so long in the past.

It is my view that it would be most appropriate for the U.S. Senate to enact this resolution to express our sense and join with the House of Representatives in urging that the States which have jurisdiction over this issue raise the legal age for drinking and purchase of alcohol to 21 years of age.

SENATE RESOLUTION 134—REFERRING THE BILL S. 1229 TO THE COURT OF CLAIMS

Mr. COHEN submitted the following resolution; which was referred to the Committee on the Judiciary:

S. RES. 134

Resolved, That S. 1229 entitled "A bill for the relief of Richard C. Rianhard of Bar Harbor, Maine" now pending in the Senate, together with all the accompanying papers, is referred to the chief judge of the United States Claims Court. The chief judge shall proceed according to the provisions of sections 1492 and 2509 of title 28, United States Code, and report back to the Senate, at the earliest practicable date, giving such findings of fact and conclusions that are sufficient to inform the Congress of the nature and character of the demand as a legal or equitable claim against the United States or a gratuity, and the amount, if any, legally or equitably due from the United States to the claimant.

SENATE RESOLUTION 135—RELATIVE TO THE WILLIAMSBURG SUMMIT

Mr. PERCY (for himself, Mr. DOMENICI, Mr. BRADLEY, Mr. HEINZ, Mr. DIXON, Mr. DANFORTH, Mr. DODD, Mr. CHAFEE, Mr. LEVIN, and Mr. MATTINGLY) submitted the following resolution; which was referred to the Committee on Foreign Relations:

S. RES. 135

Whereas the continuing misalignment of major currencies with the United States dollar is a principal factor in undermining United States trade competitiveness and in depressing the United States economy over the past 2 years; and

Whereas the consequence has been the loss of many hundreds of thousands of jobs, severe dislocation in many areas of the United States economy, and the generation of protectionist pressures; and

Whereas persisting disparities in interest rate levels between the United States and other key currency countries have contributed heavily to these ongoing exchange rate misalignments; and

Whereas both these maladjustments result in major part from inadequate coordi-

nation and harmonization of general economic policies among the United States and other key currency countries; and

Whereas European and Japanese officials have indicated a desire to discuss remedies for these problems; and

Whereas the forthcoming Williamsburg Summit conference at the end of May will bring together the leaders of key currency countries: Now, therefore, be it

Resolved, That it is the sense of the Senate that: First, the President should arrange to have included among the highest priority themes of the Williamsburg Summit to seek a consensus among the participants on the need to improve the coordination of economic policies among Summit countries, aimed at reducing disparities in economic policies, interest rates, and exchange rates between the major industrial nations; at stemming current dangerous protectionist pressures; and at hastening a healthy and sustained recovery of industrial economies and of international trade.

Second, such consensus should include announcement of a mechanism or procedure for such consultation on a close and continuing basis so long as important protectionist pressure and increased governmental intervention in international trade remains a danger to the world trade system; and

Third, such consensus should also include provision for an early meeting of Summit country Ministers of Finance and the United States Secretary of the Treasury to consider steps to achieve better alignment between the interest rates and major currencies and to make public the objectives of such steps; and

Fourth, the President should arrange, in conjunction with the Williamsburg Summit, bilateral discussions with the Prime Minister of Japan to initiate special efforts to bring about consensus and joint action to achieve the earliest possible further realignment of the yen and dollar exchange rates.

Mr. PERCY. Mr. President, I am submitting today a resolution on a matter of great importance for the United States and for our major trading partners among both industrial and developing nations.

At stake are hundreds of thousands of American jobs, billions of dollars of U.S. exports, and the rescue of the world economy from a perilous overhang of excessive indebtedness and protective trade measures. In effect, this resolution asks the President to seek agreement by the leading nations to coordinate economic policies so as to remedy misalignment of interest and exchange rates and to hasten a healthy recovery of the world economy. Otherwise we face a real danger that the international economic system may come crashing down in a tide of payment deficits, unpaid debts, and defensive trade measures.

At a hearing held by the Foreign Relations Committee last month, we heard compelling statements of the critical importance of this issue. C. Fred Bergsten, of the International Economic Institute, stated before the committee that, "The continuing substantial misalignment of the dollar exchange rate, particularly vis-a-vis the yen, remains the most critical trade

and international economic problem currently facing the United States."

He pointed out that the decline in net U.S. exports resulting from dollar overvaluation in 1981-82 accounted for over two-thirds of the decline in U.S. gross national product during that period.

Lee Morgan, chairman of the Caterpillar Tractor Co., speaking on behalf of the Business Roundtable, emphasized that exchange rates are not properly reflecting trade competitiveness and that this is "influencing protectionist sentiments that are growing in the world."

The importance the business community ascribes to this issue is well illustrated by the letter I received from Alexander Trowbridge, president of the National Association of Manufacturers, which states:

As you know, NAM represents 80% to 85% of U.S. manufacturing output. The exchange rate misalignment with the yen is the number one issue on the minds of corporate leaders who must compete head-to-head with Japan in this market, third country markets, or for a share of the Japanese market.

NAM strongly supports you and the Foreign Relations Committee approach in addressing the exchange rate issue with Japan in the manner you propose.

Mr. President, I ask unanimous consent that the letter from NAM President Trowbridge be included in the RECORD at this point.

There being no objection, the letter was ordered to be printed in the RECORD, as follows:

NATIONAL ASSOCIATION
OF MANUFACTURERS,
Washington, D.C., May 4, 1983.

HON. CHARLES H. PERCY,
Chairman, Senate Foreign Relations Committee,
Senate Dirksen Office Building,
Washington, D.C.

DEAR SENATOR PERCY: Your proposed sense-of-the-Congress resolution that the United States Government should raise the exchange rate issue in the context of the yen-dollar misalignment at the Williamsburg summit is a very constructive initiative. NAM has raised this issue with the Administration in pre-summit discussions but has found the Administration pre-occupied with "proving" that exchange intervention never works.

As you know, NAM represents about 80 percent to 85 percent of U.S. manufacturing output. The exchange rate misalignment with the yen is the number one issue on the minds of corporate leaders who must compete head-to-head with Japan in this market, third country markets, or for a share of the Japanese market.

We find the formulation of your resolution—relating macro-economic policies, interest rates policies and exchange rate policies among the summit countries—as a sound way of approaching the exchange rate issue. The specific follow-up approach with Japan thus becomes a logical step within an appropriate international framework, including a role for the International Monetary Fund.

NAM strongly supports you and the Foreign Relations Committee approach in addressing the exchange rate issue with Japan

in the manner you propose. Your leadership is appreciated.

Sincerely,

A.B. TROWBRIDGE,
President.

Mr. PERCY. Mr. President, a Summit understanding, such as this resolution proposes, is not an empty gesture nor wishful thinking, because we see abundant signs that European and Japanese officials are deeply concerned and would like to explore such an understanding. For the United States to respond positively, or better still, to lead, will send the right signal to partners looking for cooperative solutions.

This resolution comes to the floor with an impressive array of support which has come forward in just 3 days since I first offered it for cosponsorship. Joining me in submitting it to the Senate are my distinguished colleagues from both sides of the aisle, including Senators BRADLEY, CHAFEE, DANFORTH, DODD, DOMENICI, DIXON, HEINZ, LEVIN, and MATTINGLY. In addition, we have seen a rapid tide of support from the private sector in the same brief period, including the Business Roundtable, Emergency Committee for American Trade, President's Export Council, Motor Vehicle Manufacturers Association, the Machine Tool Builders' Association and the National Association of Manufacturers.

I call upon all of my colleagues to give this resolution your earliest and utmost attention so that we may signal clearly to all the leaders of the Summit countries the importance of resolving this critical world problem.

AMENDMENTS SUBMITTED

CONGRESSIONAL BUDGET RESOLUTION

DOMENICI AMENDMENT NO. 1239

Mr. DOMENICI (for himself, Mr. RUDMAN, Mr. DURENBERGER, and Mr. ABDNOR) proposed an amendment to the concurrent resolution (S. Con. Res. 27) revising and replacing the congressional budget for the U.S. Government for the fiscal year 1983, and setting forth the congressional budget for the U.S. Government for the fiscal years 1984, 1985, and 1986; as follows:

In lieu of the language proposed to be inserted, insert the following:

On page 3, beginning with line 10, strike out through line 23 on page 16 and insert in lieu thereof the following:

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1983: \$875,925,000,000.

Fiscal year 1984: \$910,100,000,000.

Fiscal year 1985: \$982,575,000,000.

Fiscal year 1986: \$1,048,900,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1983: \$807,325,000,000.

Fiscal year 1984: \$850,000,000,000.
 Fiscal year 1985: \$910,675,000,000.
 Fiscal year 1986: \$964,400,000,000.
 (4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1983: \$204,000,000,000.
 Fiscal year 1984: \$163,500,000,000.
 Fiscal year 1985: \$147,400,000,000.
 Fiscal year 1986: \$133,600,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1983: \$1,383,900,000,000.
 Fiscal year 1984: \$1,591,300,000,000.
 Fiscal year 1985: \$1,789,400,000,000.

Fiscal year 1986: \$1,980,600,000,000, and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1983: \$93,700,000,000.
 Fiscal year 1984: \$207,400,000,000.
 Fiscal year 1985: \$198,100,000,000.
 Fiscal year 1986: \$191,200,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1982, October 1, 1983, October 1, 1984, and October 1, 1985, are as follows:

Fiscal year 1983:
 (A) New direct loan obligations, \$55,400,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1984:
 (A) New direct loan obligations, \$48,200,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1985:
 (A) New direct loan obligations, \$48,100,000,000.

(B) New loan guarantee commitments, \$97,400,000,000.

Fiscal year 1986:
 (A) New direct loan obligations, \$40,700,000,000.

(B) New loan guarantee commitments, \$101,000,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1983 through 1986 for each major functional category are:

(1) National Defense (050):

Fiscal year 1983:
 (A) New budget authority, \$244,100,000,000.

(B) Outlays, \$214,300,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$267,000,000,000.

(B) Outlays, \$241,500,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$299,500,000,000.

(B) Outlays, \$270,700,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1986:

(A) New budget authority, \$334,800,000,000.

(B) Outlays, \$300,000,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

(2) International Affairs (150):

Fiscal year 1983:

(A) New budget authority, \$24,900,000,000.

(B) Outlays, \$11,500,000,000.

(C) New direct loan obligations, \$11,700,000,000.

(D) New loan guarantee commitments, \$9,200,000,000.

Fiscal year 1984:

(A) New budget authority, \$18,200,000,000.

(B) Outlays, \$12,700,000,000.

(C) New direct loan obligations, \$11,200,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

Fiscal year 1985:

(A) New budget authority, \$16,500,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$11,500,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

Fiscal year 1986:

(A) New budget authority, \$15,900,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$11,600,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1983:

(A) New budget authority, \$7,900,000,000.

(B) Outlays, \$7,700,000,000.

(C) New direct loan obligations, \$200,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$8,500,000,000.

(B) Outlays, \$8,200,000,000.

(C) New direct loan obligations, \$37,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$8,500,000,000.

(B) Outlays, \$8,500,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1986:

(A) New budget authority, \$8,400,000,000.

(B) Outlays, \$8,400,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

(4) Energy (270):

Fiscal year 1983:

(A) New budget authority, \$4,000,000,000.

(B) Outlays, \$4,600,000,000.

(C) New direct loan obligations, \$13,100,000,000.

(D) New loan guarantee commitments, \$200,000,000.

Fiscal year 1984:

(A) New budget authority, \$3,900,000,000.

(B) Outlays, \$4,100,000,000.

(C) New direct loan obligations, \$13,900,000,000.

(D) New loan guarantee commitments, \$200,000,000.

Fiscal year 1985:

(A) New budget authority, \$3,600,000,000.

(B) Outlays, \$2,900,000,000.

(C) New direct loan obligations, \$14,300,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1986:

(A) New budget authority, \$3,200,000,000.

(B) Outlays, \$2,700,000,000.

(C) New direct loan obligations, \$14,400,000,000.

(D) New loan guarantee commitments, \$0.

(5) Natural Resources and Environment (300):

Fiscal year 1983:

(A) New budget authority, \$12,500,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$100,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:
 (A) New budget authority, \$12,000,000,000.
 (B) Outlays, \$12,500,000,000.
 (C) New direct loan obligations, \$27,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$12,200,000,000.

(B) Outlays, \$12,000,000,000.

(C) New direct loan obligations, \$27,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1986:

(A) New budget authority, \$12,500,000,000.

(B) Outlays, \$12,200,000,000.

(C) New direct loan obligations, \$27,000,000.

(D) New loan guarantee commitments, \$0.

(6) Agriculture (350):

Fiscal year 1983:

(A) New budget authority, \$24,200,000,000.

(B) Outlays, \$24,000,000,000.

(C) New direct loan obligations, \$18,600,000,000.

(D) New loan guarantee commitments, \$5,500,000,000.

Fiscal year 1984:

(A) New budget authority, \$11,600,000,000.

(B) Outlays, \$11,400,000,000.

(C) New direct loan obligations, \$12,100,000,000.

(D) New loan guarantee commitments, \$3,800,000,000.

Fiscal year 1985:

(A) New budget authority, \$14,000,000,000.

(B) Outlays, \$12,300,000,000.

(C) New direct loan obligations, \$11,700,000,000.

(D) New loan guarantee commitments, \$3,800,000,000.

Fiscal year 1986:

(A) New budget authority, \$13,200,000,000.

(B) Outlays, \$13,100,000,000.

(C) New direct loan obligations, \$12,200,000,000.

(D) New loan guarantee commitments, \$3,800,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1983:

(A) New budget authority, \$5,200,000,000.

(B) Outlays, \$2,700,000,000.

(C) New direct loan obligations, \$6,500,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

Fiscal year 1984:

(A) New budget authority, \$5,900,000,000.

(B) Outlays, \$1,000,000,000.

(C) New direct loan obligations, \$6,400,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

Fiscal year 1985:

(A) New budget authority, \$6,500,000,000.

(B) Outlays, \$0.

(C) New direct loan obligations, \$6,300,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

Fiscal year 1986:

(A) New budget authority, \$6,500,000,000.

(B) Outlays, -\$300,000,000.

(C) New direct loan obligations, \$6,300,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

(8) Transportation (400):

Fiscal year 1983:

(A) New budget authority, \$26,800,000,000.

(B) Outlays, \$22,100,000,000.

(C) New direct loan obligations, \$200,000,000.

(D) New loan guarantee commitments, \$1,100,000,000.

Fiscal year 1984:

(A) New budget authority, \$27,700,000,000.
 (B) Outlays, \$25,900,000,000.
 (C) New direct loan obligations,
 \$100,000,000.

(D) New loan guarantee commitments,
 \$600,000,000.

Fiscal year 1985:

(A) New budget authority, \$28,400,000,000.
 (B) Outlays, \$26,900,000,000.
 (C) New direct loan obligations,
 \$100,000,000.

(D) New loan guarantee commitments,
 \$400,000,000.

Fiscal year 1986:

(A) New budget authority, \$29,200,000,000.
 (B) Outlays, \$27,800,000,000.
 (C) New direct loan obligations,
 \$100,000,000.

(D) New loan guarantee commitments,
 \$300,000,000.

(9) Community and Regional Develop-
 ment (450):

Fiscal year 1983:

(A) New budget authority, \$8,300,000,000.
 (B) Outlays, \$7,900,000,000.
 (C) New direct loan obligations,
 \$2,100,000,000.

(D) New loan guarantee commitments,
 \$500,000,000.

Fiscal year 1984:

(A) New budget authority, \$6,600,000,000.
 (B) Outlays, \$8,100,000,000.
 (C) New direct loan obligations,
 \$1,700,000,000.

(D) New loan guarantee commitments,
 \$300,000,000.

Fiscal year 1985:

(A) New budget authority, \$7,100,000,000.
 (B) Outlays, \$8,200,000,000.
 (C) New direct loan obligations,
 \$1,800,000,000.

(D) New loan guarantee commitments,
 \$300,000,000.

Fiscal year 1986:

(A) New budget authority, \$7,100,000,000.
 (B) Outlays, \$77,600,000,000.
 (C) New direct loan obligations,
 \$1,800,000,000.

(D) New loan guarantee commitments,
 \$400,000,000.

(10) Education, Training, Employment,
 and Social Services (500):

Fiscal year 1983:

(A) New budget authority, \$28,000,000,000.
 (B) Outlays, \$26,800,000,000.
 (C) New direct loan obligations,
 \$600,000,000.

(D) New loan guarantee commitments,
 \$6,500,000,000.

Fiscal year 1984:

(A) New budget authority, \$31,200,000,000.
 (B) Outlays, \$27,200,000,000.
 (C) New direct loan obligations,
 \$700,000,000.

(D) New loan guarantee commitments,
 \$6,600,000,000.

Fiscal year 1985:

(A) New budget authority, \$27,900,000,000.
 (B) Outlays, \$27,800,000,000.
 (C) New direct loan obligations,
 \$700,000,000.

(D) New loan guarantee commitments,
 \$6,600,000,000.

Fiscal year 1986:

(A) New budget authority, \$27,900,000,000.
 (B) Outlays, \$27,800,000,000.
 (C) New direct loan obligations,
 \$800,000,000.

(D) New loan guarantee commitments,
 \$6,600,000,000.

HOLLINGS AMENDMENT NO. 1240

Mr. HOLLINGS (for himself, Mr. BRADLEY, Mr. BOSCHWITZ, Mr. D'AMATO, Mr. PELL, Mr. BIDEN, Mr. BINGAMAN, Mr. MELCHER, Mr. EXON, Mr. FORD, Mr. RANDOLPH, Mr. BYRD, Mr. SARBANES, Mr. RIEGLE, Mr. HUD-
 DLESTON, and Mr. STAFFORD) proposed
 an amendment to the concurrent reso-
 lution (S. Con. Res. 27), supra; as fol-
 lows:

On page 3, line 13, strike the number and
 insert "\$910,700,000,000".

On page 3, line 14, strike the number and
 insert "\$983,175,000,000".

On page 3, line 15, strike the number and
 insert "\$1,049,500,000".

On page 3, line 19, strike the number and
 insert "\$850,050,000,000".

On page 3, line 20, strike the number and
 insert "\$911,275,000,000".

On page 3, line 21, strike the number and
 insert "\$965,000,000,000".

On page 4, line 1, strike the number and
 insert "\$163,550,000,000".

On page 4, line 2, strike the number and
 insert "\$148,000,000,000".

On page 4, line 3, strike the number and
 insert "\$134,200,000,000".

On page 4, line 7, strike the number and
 insert "\$1,591,350,000,000".

On page 4, line 8, strike the number and
 insert "\$1,790,000,000,000".

On page 4, line 9, strike the number and
 insert "\$1,980,200,000,000".

On page 4, line 14, strike the number and
 insert "\$207,450,000,000".

On page 4, line 15, strike the number and
 insert "\$198,700,000,000".

On page 4, line 16, strike the number and
 insert "\$191,800,000,000".

On page 16, line 4, strike the number and
 insert "\$31,800,000,000".

On page 16, line 5, strike the number and
 insert "\$27,250,000".

On page 16, line 11, strike the number and
 insert "\$28,500,000,000".

On page 16, line 12, strike the number and
 insert "\$28,400,000,000".

On page 16, line 18, strike the number and
 insert "\$28,500,000,000".

On page 16, line 19, strike the number and
 insert "\$28,300,000,000".

BRADLEY AMENDMENT NO. 1241

Mr. BRADLEY (for himself, Mr. HOLLINGS, Mr. SARBANES, and Mr. MITCHELL) proposed an amendment to
 the concurrent resolution (S. Con.
 Res. 27), supra; as follows:

At the end of the concurrent resolution
 add the following:

SEC. 7. It is the sense of the Congress
 that—

(1) world economic recovery is being re-
 tardated by high United States interest rates
 and by inconsistent macroeconomic poli-
 cies among the major developed countries;
 and

(2) in order to restore economic growth
 and full employment at the earliest possible
 date, the President and the Secretary of
 Treasury, in consultation with their coun-
 terparts in the other major industrial coun-
 tries at the Williamsburg Economic Summit
 and in followup deliberations, should pursue
 a coordinated economic expansion to ensure
 a worldwide economic recovery.

CHILES AMENDMENT NO. 1242

Mr. CHILES (for Mr. JACKSON and
 Mr. NUNN) proposed an amendment to
 the concurrent resolution (S. Con.
 Res. 27), supra; as follows:

On page 3, increase the figure on line 13
 by \$6,300,000,000.

On page 3, increase the figure on line 14
 by \$5,700,000,000.

On page 3, increase the figure on line 15
 by \$3,000,000,000.

On page 3, increase the figure on line 19
 by \$1,900,000,000.

On page 3, decrease the figure on line 20
 by \$200,000,000.

On page 3, decrease the figure on line 21
 by \$1,500,000,000.

On page 4, increase the figure on line 2 by
 \$1,900,000,000.

On page 4, decrease the figure on line 3 by
 \$200,000,000.

On page 4, decrease the figure on line 6 by
 \$1,500,000,000.

On page 4, increase the figure on line 7 by
 \$1,900,000,000.

On page 4, decrease the figure on line 8 by
 \$1,700,000,000.

On page 4, increase the figure on line 9 by
 \$200,000,000.

On page 4, increase the figure on line 14
 by \$1,900,000,000.

On page 4, decrease the figure on line 15
 by \$200,000,000.

On page 4, decrease the figure on line 16
 by \$1,500,000,000.

On page 6, increase the figure on line 5 by
 \$6,200,000,000.

On page 6, increase the figure on line 6 by
 \$1,800,000,000.

On page 6, increase the figure on line 11
 by \$5,600,000,000.

On page 6, decrease the figure on line 12
 by \$300,000,000.

On page 6, increase the figure on line 17
 by \$2,900,000,000.

On page 6, decrease the figure on line 18
 by \$1,600,000,000.

DOMENICI AMENDMENT NO. 1243

Mr. DOMENICI (for himself and
 Mr. BAKER) proposed an amendment
 to the concurrent resolution (S. Con.
 Res. 27), supra; as follows:

On page 1, strike all after the resolving
 clause and insert the following:

That the Congress hereby determines and
 declares that the concurrent resolution on
 the budget for fiscal year 1983 is hereby re-
 vised, the first concurrent resolution on the
 budget for fiscal year 1984 is hereby estab-
 lished, and the appropriate budgetary levels
 for fiscal year 1985 are hereby set forth:

(a) The following budgetary levels are ap-
 propriate for the fiscal years beginning on
 October 1, 1982, October 1, 1983, and Octo-
 ber 1, 1984:

(1) The recommended levels of Federal
 revenues are as follows:

Fiscal year 1983: \$603,100,000,000.

Fiscal year 1984: \$658,000,000,000.

Fiscal year 1985: \$729,200,000,000.

and the amounts by which the aggregate
 levels of Federal revenues should be
 changed are as follows:

Fiscal year 1983: -\$100,000,000.

Fiscal year 1984: +\$2,600,000,000.

Fiscal year 1985: +\$5,700,000,000.

and the amounts for Federal Insurance
 Contributions Act revenues for hospital in-

insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1983: \$35,900,000,000.
Fiscal year 1984: \$39,700,000,000.
Fiscal year 1985: \$44,200,000,000.

and the amounts for Federal Insurance Contributions Act revenues and other revenues pursuant to Public Law 98-21 for old age, survivors, and disability insurance within the recommended levels of Federal revenues are as follows:

Fiscal year 1983: \$148,500,000,000.
Fiscal year 1984: \$166,500,000,000.
Fiscal year 1985: \$187,700,000,000.

(2) The appropriate levels of total new budget authority are as follows:

Fiscal year 1983: \$876,200,000,000.
Fiscal year 1984: \$918,000,000,000.
Fiscal year 1985: \$990,300,000,000.

(3) The appropriate levels of total budget outlays are as follows:

Fiscal year 1983: \$807,100,000,000.
Fiscal year 1984: \$850,400,000,000.
Fiscal year 1985: \$915,500,000,000.

(4) The amounts of the deficits in the budget which are appropriate in the light of economic conditions and all other relevant factors are as follows:

Fiscal year 1983: \$204,000,000,000.
Fiscal year 1984: \$192,400,000,000.
Fiscal year 1985: \$186,300,000,000.

(5) The appropriate levels of the public debt are as follows:

Fiscal year 1983: \$1,383,900,000,000.
Fiscal year 1984: \$1,620,200,000,000.
Fiscal year 1985: \$1,857,200,000,000.

and the amounts by which the temporary statutory limits on such debt should be accordingly increased are as follows:

Fiscal year 1983: \$93,700,000,000.
Fiscal year 1984: \$236,300,000,000.
Fiscal year 1985: \$237,000,000,000.

(6) The appropriate levels of total Federal credit activity for the fiscal years beginning on October 1, 1982, October 1, 1983, October 1, 1984, and October 1, 1985, are as follows:

Fiscal year 1983:
(A) New direct loan obligations, \$55,400,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1984:
(A) New direct loan obligations, \$48,200,000,000.

(B) New loan guarantee commitments, \$94,500,000,000.

Fiscal year 1985:
(A) New direct loan obligations, \$48,100,000,000.

(B) New loan guarantee commitments, \$97,400,000,000.

(b) The Congress hereby determines and declares the appropriate levels of budget authority and budget outlays, and the appropriate levels of new direct loan obligations and new loan guarantee commitments for fiscal years 1983 through 1986 for each major functional category are:

(1) National Defense (050):

Fiscal year 1983:
(A) New budget authority, \$244,600,000,000.

(B) Outlays, \$214,300,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:
(A) New budget authority, \$275,000,000,000.

(B) Outlays, \$241,800,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:
(A) New budget authority, \$304,300,000,000.

(B) Outlays, \$272,600,000,000.
(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

(2) International Affairs (150):
Fiscal year 1983:

(A) New budget authority, \$24,900,000,000.

(B) Outlays, \$11,500,000,000.

(C) New direct loan obligations, \$11,700,000,000.

(D) New loan guarantee commitments, \$9,200,000,000.

Fiscal year 1984:

(A) New budget authority, \$18,200,000,000.

(B) Outlays, \$12,700,000,000.

(C) New direct loan obligations, \$11,200,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

Fiscal year 1985:

(A) New budget authority, \$16,500,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$11,500,000,000.

(D) New loan guarantee commitments, \$10,300,000,000.

(3) General Science, Space, and Technology (250):

Fiscal year 1983:

(A) New budget authority, \$7,900,000,000.

(B) Outlays, \$7,700,000,000.

(C) New direct loan obligations, \$200,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$8,500,000,000.

(B) Outlays, \$8,200,000,000.

(C) New direct loan obligations, \$37,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$8,500,000,000.

(B) Outlays, \$8,500,000,000.

(C) New direct loan obligations, \$0.

(D) New loan guarantee commitments, \$0.

(4) Energy (270):

Fiscal year 1983:

(A) New budget authority, \$4,000,000,000.

(B) Outlays, \$4,600,000,000.

(C) New direct loan obligations, \$13,100,000,000.

(D) New loan guarantee commitments, \$200,000,000.

Fiscal year 1984:

(A) New budget authority, \$3,900,000,000.

(B) Outlays, \$4,100,000,000.

(C) New direct loan obligations, \$13,900,000,000.

(D) New loan guarantee commitments, \$200,000,000.

Fiscal year 1985:

(A) New budget authority, \$3,600,000,000.

(B) Outlays, \$2,900,000,000.

(C) New direct loan obligations, \$14,300,000,000.

(D) New loan guarantee commitments, \$0.

(5) Natural Resources and Environment (300):

Fiscal year 1983:

(A) New budget authority, \$12,500,000,000.

(B) Outlays, \$12,800,000,000.

(C) New direct loan obligations, \$100,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1984:

(A) New budget authority, \$12,000,000,000.

(B) Outlays, \$12,500,000,000.

(C) New direct loan obligations, \$27,000,000.

(D) New loan guarantee commitments, \$0.

Fiscal year 1985:

(A) New budget authority, \$12,200,000,000.

(B) Outlays, \$12,600,000,000.

(C) New direct loan obligations, \$27,000,000.

(D) New loan guarantee commitments, \$0.

(D) New loan guarantee commitments, \$0.

(6) Agriculture (350):

Fiscal year 1983:

(A) New budget authority, \$24,200,000,000.

(B) Outlays, \$24,000,000,000.

(C) New direct loan obligations, \$18,600,000,000.

(D) New loan guarantee commitments, \$5,500,000,000.

Fiscal year 1984:

(A) New budget authority, \$11,600,000,000.

(B) Outlays, \$11,400,000,000.

(C) New direct loan obligations, \$12,100,000,000.

(D) New loan guarantee commitments, \$3,800,000,000.

Fiscal year 1985:

(A) New budget authority, \$14,000,000,000.

(B) Outlays, \$12,300,000,000.

(C) New direct loan obligations, \$11,700,000,000.

(D) New loan guarantee commitments, \$3,800,000,000.

(7) Commerce and Housing Credit (370):

Fiscal year 1983:

(A) New budget authority, \$5,200,000,000.

(B) Outlays, \$2,700,000,000.

(C) New direct loan obligations, \$6,500,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

Fiscal year 1984:

(A) New budget authority, \$5,900,000,000.

(B) Outlays, \$1,800,000,000.

(C) New direct loan obligations, \$6,400,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

Fiscal year 1985:

(A) New budget authority, \$6,500,000,000.

(B) Outlays, \$0.

(C) New direct loan obligations, \$6,300,000,000.

(D) New loan guarantee commitments, \$48,700,000,000.

(8) Transportation (400):

Fiscal year 1983:

(A) New budget authority, \$26,800,000,000.

(B) Outlays, \$22,100,000,000.

(C) New direct loan obligations, \$200,000,000.

(D) New loan guarantee commitments, \$1,100,000,000.

Fiscal year 1984:

(A) New budget authority, \$27,700,000,000.

(B) Outlays, \$25,900,000,000.

(C) New direct loan obligations, \$100,000,000.

(D) New loan guarantee commitments, \$600,000,000.

Fiscal year 1985:

(A) New budget authority, \$28,400,000,000.

(B) Outlays, \$26,900,000,000.

(C) New direct loan obligations, \$100,000,000.

(D) New loan guarantee commitments, \$400,000,000.

(9) Community and Regional Development (450):

Fiscal year 1983:

(A) New budget authority, \$8,300,000,000.

(B) Outlays, \$7,900,000,000.

(C) New direct loan obligations, \$2,100,000,000.

(D) New loan guarantee commitments, \$500,000,000.

Fiscal year 1984:

(A) New budget authority, \$6,600,000,000.

(B) Outlays, \$8,100,000,000.

(C) New direct loan obligations, \$1,700,000,000.

(D) New loan guarantee commitments, \$300,000,000.

Fiscal year 1985:

(A) New budget authority, \$7,100,000,000.
 (B) Outlays, \$8,200,000,000.
 (C) New direct loan obligations, \$1,800,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 (10) Education, Training, Employment, and Social Services (500):
 Fiscal year 1983:
 (A) New budget authority, \$28,000,000,000.
 (B) Outlays, \$26,800,000,000.
 (C) New direct loan obligations, \$600,000,000.
 (D) New loan guarantee commitments, \$6,500,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$30,800,000,000.
 (B) Outlays, \$27,000,000,000.
 (C) New direct loan obligations, \$700,000,000.
 (D) New loan guarantee commitments, \$6,600,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$27,500,000,000.
 (B) Outlays, \$27,400,000,000.
 (C) New direct loan obligations, \$700,000,000.
 (D) New loan guarantee commitments, \$6,600,000,000.
 (11) Health (550):
 Fiscal year 1983:
 (A) New budget authority, \$25,100,000,000.
 (B) Outlays, \$29,600,000,000.
 (C) New direct loan obligations, \$47,000,000.
 (D) New loan guarantee commitments, \$200,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$31,800,000,000.
 (B) Outlays, \$31,800,000,000.
 (C) New Direct loan obligations, \$29,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$35,000,000,000.
 (B) Outlays, \$34,500,000,000.
 (C) New direct loan obligations, \$28,000,000.
 (D) New loan guarantee commitments, \$300,000,000.
 (12) Medical Insurance (570):
 Fiscal year 1983:
 (A) New budget authority, \$46,100,000,000.
 (B) Outlays, \$53,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$61,400,000,000.
 (B) Outlays, \$60,300,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$69,400,000,000.
 (B) Outlays, \$68,300,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (13) Income Security (600):
 Fiscal year 1983:
 (A) New budget authority, \$121,700,000,000.
 (B) Outlays, \$110,200,000,000.
 (C) New direct loan obligations, \$1,000,000,000.
 (D) New loan guarantee commitments, \$14,600,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$126,000,000,000.
 (B) Outlays, \$104,100,000,000.
 (C) New direct loan obligations, \$1,000,000,000.
 (D) New loan guarantee commitments, \$14,700,000,000.

Fiscal year 1985:
 (A) New budget authority, \$127,500,000,000.
 (B) Outlays, \$105,500,000,000.
 (C) New direct loan obligations, \$800,000,000.
 (D) New loan guarantee commitments, \$16,500,000,000.
 (14) Social Security (650):
 Fiscal year 1983:
 (A) New budget authority, \$184,100,000,000.
 (B) Outlays, \$167,600,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$174,900,000,000.
 (B) Outlays, \$177,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$194,700,000,000.
 (B) Outlays, \$188,400,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (15) Veterans Benefits and Services (700):
 Fiscal year 1983:
 (A) New budget authority, \$25,200,000,000.
 (B) Outlays, \$24,500,000,000.
 (C) New direct loan obligations, \$1,000,000,000.
 (D) New loan guarantee commitments, \$8,000,000,000.
 Fiscal year 1984:
 (A) New budget authority, \$25,700,000,000.
 (B) Outlays, \$25,700,000,000.
 (C) New direct loan obligations, \$800,000,000.
 (D) New loan guarantee commitments, \$9,000,000,000.
 Fiscal year 1985:
 (A) New budget authority, \$26,800,000,000.
 (B) Outlays, \$26,400,000,000.
 (C) New direct loan obligations, \$600,000,000.
 (D) New loan guarantee commitments, \$10,500,000,000.
 (16) Administration of Justice (750):
 Fiscal year 1983:
 (A) New budget authority, \$5,200,000,000.
 (B) Outlays, \$5,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$6,000,000,000.
 (B) Outlays, \$6,000,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$5,800,000,000.
 (B) Outlays, \$5,900,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (17) General Government (800):
 Fiscal year 1983:
 (A) New budget authority, \$5,600,000,000.
 (B) Outlays, \$5,700,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$5,700,000,000.
 (B) Outlays, \$5,700,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$6,000,000,000.
 (B) Outlays, \$5,800,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (18) General Purpose Fiscal Assistance (850):
 Fiscal year 1983:

(A) New budget authority, \$6,400,000,000.
 (B) Outlays, \$6,400,000,000.
 (C) New direct loan obligations, \$300,000,000.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$7,100,000,000.
 (B) Outlays, \$7,000,000,000.
 (C) New direct loan obligations, \$300,000,000.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$7,200,000,000.
 (B) Outlays, \$7,100,000,000.
 (C) New direct loan obligations, \$300,000,000.
 (D) New loan guarantee commitments, \$0.
 (19) Net Interest (900):
 Fiscal year 1983:
 (A) New budget authority, \$87,600,000,000.
 (B) Outlays, \$87,600,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$96,500,000,000.
 (B) Outlays, \$96,500,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$106,100,000,000.
 (B) Outlays, \$106,100,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (20) Allowances (920):
 Fiscal year 1983:
 (A) New budget authority, \$800,000,000.
 (B) Outlays, \$900,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, \$600,000,000.
 (B) Outlays, \$600,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, \$1,900,000,000.
 (B) Outlays, \$2,000,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 (21) Undistributed Offsetting Receipts (950):
 Fiscal year 1983:
 (A) New budget authority, -\$18,000,000,000.
 (B) Outlays, -\$18,000,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1984:
 (A) New budget authority, -\$17,900,000,000.
 (B) Outlays, -\$17,900,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.
 Fiscal year 1985:
 (A) New budget authority, -\$18,700,000,000.
 (B) Outlays, -\$18,700,000,000.
 (C) New direct loan obligations, \$0.
 (D) New loan guarantee commitments, \$0.

RECONCILIATION

SEC. 2. (a) Not later than June 6, 1983, the Senate committees named in subsections (b) through (f) of this section shall submit their recommendations to the Senate Committee on the Budget and not later than June 6, 1983, the House committees named in subsections (g) through (i) of this section shall submit their recommendations to the House Committee on the Budget. After receiving those recommendations, the Committees on the Budget shall report to the House and Senate a reconciliation bill or

resolution or both carrying out all such recommendations without any substantive revision.

SENATE COMMITTEES

(b) The Senate Committee on Agriculture, Nutrition, and Forestry shall report changes in laws within the jurisdiction of that committee, (A) to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays, or (B) which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: \$1,243,000,000 in budget authority and \$1,243,000,000 in outlays in fiscal year 1984; and \$1,332,000,000 in budget authority and \$1,332,000,000 in outlays in fiscal year 1985.

(c)(1) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by \$856,000,000 in fiscal year 1984; and to reduce outlays by \$2,024,000,000 in fiscal year 1985.

(2) The Senate Committee on Finance shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: \$2,600,000,000 in fiscal year 1984; and \$5,700,000,000 in fiscal year 1985.

(d) The Senate Committee on Governmental Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$258,000,000 and outlays by \$534,000,000 in fiscal year 1984; and to reduce budget authority by \$368,000,000 and outlays by \$834,000,000 in fiscal year 1985.

(e) The Senate Committee on Small Business shall report changes in laws within the jurisdiction of that committee to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: \$139,000,000 in budget authority and \$287,000,000 in outlays in fiscal year 1984; and \$555,000,000 in budget authority and \$466,000,000 in outlays in fiscal year 1985.

(f) The Senate Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$202,000,000 and outlays by \$201,000,000 in fiscal year 1984; and to reduce budget authority by \$177,000,000 and outlays by \$115,000,000 in fiscal year 1988.

HOUSE COMMITTEES

(g) The House Committee on Agriculture shall report changes in laws within the jurisdiction of that committee, (A) to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays, or (B) which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority and outlays, or (C) any combination thereof, as follows: \$1,243,000,000 in budget authority and \$1,243,000,000 in outlays in fiscal year 1984; and \$1,332,000,000 in budget authority and \$1,332,000,000 in outlays in fiscal year 1985.

(h) The House Committee on Energy and Commerce shall report changes in laws within the jurisdiction of that committee

which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by \$816,000,000 in fiscal year 1984; and to reduce outlays by \$1,538,000,000 in fiscal year 1985.

(i) The House Committee on Post Office and Civil Service shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$258,000,000 and outlays by \$534,000,000 in fiscal year 1984; and to reduce budget authority by \$368,000,000 and outlays by \$834,000,000 in fiscal year 1985.

(j) The House Committee on Small Business shall report changes in laws within the jurisdiction of that committee to require reductions in appropriations for programs authorized by that committee so as to achieve savings in budget authority and outlays as follows: \$139,000,000 in budget authority and \$287,000,000 in outlays in fiscal year 1984; and \$555,000,000 in budget authority and \$466,000,000 in outlays in fiscal year 1985.

(k) The House Committee on Veterans' Affairs shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce budget authority by \$202,000,000 and outlays by \$201,000,000 in fiscal year 1984; and to reduce budget authority by \$177,000,000 and outlays by \$115,000,000 in fiscal year 1985.

(l)(1) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee which provide spending authority as defined in section 401(c)(2)(C) of Public Law 93-344, sufficient to reduce outlays by \$849,000,000 in fiscal year 1984; and to reduce outlays by \$1,481,000,000 in fiscal year 1985.

(2) The House Committee on Ways and Means shall report changes in laws within the jurisdiction of that committee sufficient to increase revenues as follows: \$2,600,000,000 in fiscal year 1984; and \$5,700,000,000 in fiscal year 1985.

DEFICIT REDUCTION PATH

SEC. 3. It is the sense of the Congress that further deficit reduction actions will be necessary in Fiscal Years 1986-88 in order to insure a long-lasting economic recovery. While one Congress cannot bind another, the Congress recognizes that the President has recommended Fiscal Year 1986-88 revenue increases and spending restraint that would yield a predictable path of declining deficits. The Congress endorses actions of this magnitude if the deficits exceed 2.5 percent of the Gross National Product of the Nation. The President estimates that such actions would yield deficits in the range of \$144.6 billion in Fiscal Year 1986, \$136.6 billion in Fiscal Year 1987, and \$102.4 billion in Fiscal Year 1988. The Congress further recognizes that if the economic recovery approximates the typical post-World War II economic recovery, deficits will be more on the order of \$110 billion in Fiscal Year 1986, \$90 billion in Fiscal Year 1987, and \$60 billion in Fiscal Year 1988. The Congress realizes the extreme uncertainty involved in any out-year forecasts of the economy and that deficit, unemployment, and inflation predictions three years hence may be wrong. In light of these uncertainties, the Congress believes it unwise to take actions now that may exacerbate economic problems in the future.

MISCELLANEOUS PROVISIONS

SEC. 4. It shall not be in order in either the House of Representatives or the Senate to consider any bill or resolution, or amendment thereto, providing—

(1) new budget authority for fiscal year 1984; or

(2) new spending authority described in section 401(c)(2)(C) of the Budget Act first effective in fiscal year 1984,

within the jurisdiction of any of its committees unless and until such committee makes the allocations or subdivisions required by section 302(b) of the Budget Act, in connection with the most recently agreed to concurrent resolution on the budget.

SEC. 5. It is the sense of the Congress that the President and the Congress, through the appropriations process, should limit the on-budget new direct loan obligations of the Federal Government to an amount not to exceed \$37,600,000,000 in fiscal year 1983 and \$29,300,000,000 in fiscal year 1984; off-budget new direct loan obligations to an amount not to exceed \$17,800,000,000 in fiscal year 1983 and \$18,900,000,000 in fiscal year 1984; and new loan guarantee commitments to an amount not to exceed \$94,500,000,000 in fiscal year 1983 and \$94,500,000,000 in fiscal year 1984. It is further the sense of the Congress that the President and the Congress should limit total Federal Financing Bank origination of direct loans guaranteed by other Federal agencies to \$16,200,000,000 in fiscal year 1983 and \$17,300,000,000 in fiscal year 1984, and Federal Financing Bank purchases of certificates of beneficial ownership from Federal agencies to \$11,500,000,000 in fiscal year 1983 and \$13,200,000,000 in fiscal year 1984. It is further the sense of the Congress that direct borrowing transactions of Federal agencies should be, to the maximum extent possible, restricted to the Federal Financing Bank.

SEC. 6. (a) The joint explanatory statement accompanying the conference report on this resolution shall include an estimated allocation, based upon the first section of this resolution as recommended in such conference report, of the appropriate levels of total new direct loan obligations and new loan guarantee commitments for fiscal year 1983 and fiscal year 1984, among each committee of the House of Representatives and the Senate which has jurisdiction over bills and resolutions providing such new obligations and commitments.

(b) As soon as practicable after this resolution is agreed to, every committee of each House, after consulting with the committee or committees of the other House to which all or part of the allocation has been made, shall subdivide among its subcommittees the allocation of new direct loan obligations and new loan guarantee commitments for fiscal year 1983 and fiscal year 1984, allocated to it in the joint explanatory statement accompanying the conference report on this resolution.

SEC. 7. It is the sense of the Congress that the budgets of Federal agencies initiating Federal Financing Bank purchases of certificates of beneficial ownership and originations of guaranteed loans should include the budget authority and outlays resulting from the transactions. The Congress recommends that the committees with jurisdiction over the Federal Financing Bank Act of 1978 consider expeditiously legislation to require that the budgetary impact of such Federal Financing Bank transactions be included in

the budgets of the initiating agencies beginning with the fiscal year 1985 budget.

NOTICES OF HEARINGS

SUBCOMMITTEE ON SECURITIES

Mr. D'AMATO. Mr. President, the Subcommittee on Securities will hold hearings on May 25, 1983, at 9:30 a.m. and on May 26, 1983, at 9:30 a.m., in room SD-538 of the Dirksen Senate Office Building to discuss S. 1174, the Public Utility Holding Company Act amendments of 1983.

For further information, contact Neil Levin of the Senate Banking Committee at 224-1561.

ADDITIONAL STATEMENTS

MOTHER OF THE YEAR

● Mr. DENTON. Mr. President, I would like to call the attention of my colleagues to an article which appeared in Wednesday's Washington Post, entitled "Paying Tribute to Old Style Mothering." The article calls attention to the outstanding service that one particular "stay at home" mother of three sons, Mrs. Sadie Biggs of Northeast Washington, has contributed to her family and to her community. Mrs. Biggs will receive a Mother of the Year Award at the annual Mother's Day Prayer Breakfast that is sponsored by the D.C. Federation of Civic Associations.

Mrs. Biggs has performed more heroic service than most of us will ever perform—she has dedicated her life to rearing her sons and to lending a helping hand to those in her community who need her help. She does not ask for a salary; she gives out love and neighborly assistance without regard to cost or reward.

Mr. President, I believe the D.C. Federation of Civic Associations is performing an invaluable service. Its members are recognizing those ladies who are among the most unrecognized heroes in our land—mothers.

I ask that the Post article be printed in the RECORD.

The article follows:

[From the Washington Post, May 4, 1983]

PAYING TRIBUTE TO OLD STYLE MOTHERING

(By Anne Chase)

Not long ago, stay-at-home mothers like Sadie Biggs were more the rule than the exception. They volunteered at the neighborhood school, served punch to the Cub Scouts and cheered for the Little League teams. Today, such mothers are becoming a rarity.

Biggs, mother of three sons, who has lived for 24 years in the Riggs neighborhood of Northeast Washington, often finds herself alone in the old-fashioned mothering and civic activities that occupy much of her time. She and her husband, Norwood, sometimes are the only spectators at football games sponsored by the Lamond-Riggs Athletic Association, and she is one of the few citizen association members who makes time

to hand out fliers for the Lamond-Riggs Citizens Association's monthly meeting.

On Sunday, Biggs, 46, will be honored for her devotion to her children and her community, along with more than 50 other women at the annual Mother's Day Prayer Breakfast, sponsored by the D.C. Federation of Civic Associations.

Over breakfast at the Capitol Hilton, each member organization of the federation will award a plaque to its chosen mother of the year. The federation itself will give an award to the citywide mother of the year. This year, the award will go to Carole Clarke, a D.C. Public School teacher and wife of City Council chairman David A. Clarke.

The prayer breakfast was organized 10 years ago by Benjamin Alexander, now president of the University of the District of Columbia, to honor traditional mothers, according to Gladys Scott Roberts, the chairman of this year's celebration.

"When we select a mother, we look at her work as a mother, as a wife and as a neighbor," Roberts said.

Biggs was chosen by the 17-member executive committee of the Lamond-Riggs Citizens Association, of which she is corresponding secretary. She and her husband, both natives of Durham, N.C., have been involved with the organization since they moved to the Riggs neighborhood, between Riggs Road and North Capitol Street NE, in 1959.

Sitting in her small living room among her plants and athletic trophies and diplomas awarded to her three sons, Biggs said she joined the association out of a desire to maintain the neighborhood "as a place where I wanted to live. I felt I should work with the community and try to get people involved."

And work she has. Her friends and fellow civic activists rattle off a long list of projects for which Biggs has stuffed envelopes, made telephone calls and written letters over the years, starting with the now legendary North Central Freeway fight in the 1960s.

"She and her husband are among the first people I call when I get ready to do a project," said community activist and one-time mayoral candidate Dorothy Maulsby. "Sadie is very supportive and diligent in working against anything that would be a detriment to the community."

During her long tenure in the association, Biggs has never turned down a request to help out, according to neighbors.

"We have trouble getting people to deliver fliers. Sadie never says no," said her friend, Catherine Castellano, a member of Advisory Neighborhood Commission 4B. "She's always ready to do the little, menial jobs. She's capable of being a professional, but it's not beneath her to do anything."

Biggs is equally willing to pitch in when it comes to athletics. All three Biggs sons played football with the Lamond-Riggs Athletic Association, and both parents have been fans and supporters since 1970 when Norwood Jr., their oldest son, joined the team.

"We thank the Lord for Mr. and Mrs. Biggs," said Oliver (Ollie) Thompson, a former coach with the athletic association. "Every ball game I have, I'll always see Mr. and Mrs. Biggs in their little chairs on the sidelines, bringing juice for the kids. Sometimes the only parents who come are Mr. and Mrs. Biggs."

The Biggses dig into their pockets to help team members pay their fees, and they

drive the players to the games. And Sadie Biggs is always ready to bake pies or to organize a potluck dinner for the program, Thompson said.

Unlike some parents who wind down their involvement with children's sports and schools as their children grow older, they have remained enthusiastic. Sadie Biggs enjoys watching the Lamond-Riggs team members play football and then talking over the plays with them.

Until her youngest son, Derek, 15, graduated, Biggs was a daily volunteer at LaSalle Elementary School, where she worked in the office and was a teachers' aide. Her husband was president of the PTA, and she served on the executive committee for years.

The Biggs family puts a strong emphasis on education. Norwood Jr., 24, graduated two years ago from North Carolina A&T State University with a degree in business administration and now works for North Carolina Mutual Insurance Co. Kelvin, 21, is a sophomore at the same school studying for a degree in computer programming. Derek is a ninth grader at Rabaut Junior High School.

In 1959, when Norwood Jr., was born, most women stayed home with their children. But even then, Biggs said, quitting her job meant a financial sacrifice for her family. "When we bought the house, we'd only been married two years. Norwood was a little toddler and we had a house with nothing in it," she said.

Biggs said staying home was "an adjustment for me. But I just felt like it was too important. The kids only have one time, their formative years. But it's been rough. Now with college tuition, we're still sacrificing."

Biggs was forced to slow down by two operations that put her in the hospital for three weeks in February. Now, although she says she must relax, she is back passing out fliers. Her latest concern is a delay in the opening of the Lamond-Riggs library, for which she and her husband helped lobby for 12 years.

"I just feel that the children really need a library. We had a bookmobile, but they took that away from us," she said.

Occasionally, Biggs said, she becomes discouraged with the lack of results in community work and with the reluctance of younger men and women in the community to join in.

"I'll say, 'Oh, I'm just going to give up because I can't see any progress.' But then I say, 'It's the place where I live. It's my community.'"

THE FAIR HOUSING ACT OF 1983

● Mr. BOSCHWITZ. Mr. President, I express my support for the 1983 Fair Housing Act introduced yesterday by Senators KENNEDY and MATHIAS. I am proud to join more than 30 of my colleagues in cosponsoring this important legislation.

There is a pressing need to seek more effective remedies for victims of housing discrimination and, in particular, to expedite the time-consuming and expensive process of court action. The current law is clearly inadequate and ineffective if we are serious about protecting all Americans from discrimination in the purchase, rental, and fi-

nancing of housing. Legislation must be enacted to address this problem and insure protection of the rights guaranteed under the Civil Rights Act of 1968.

Although I believe that the current remedies available to victims of housing discrimination are not adequate, I have serious reservations about the administrative hearing process provision of the bill. Perhaps because of my business experience, I am very hesitant to create another bureaucratic arm of government.

Our present court system is certainly not without its flaws. However, I believe that our efforts could be directed at improving our current system.

In other agencies ALJ's are used because of the expertise necessary to understand the technical nature of the cases. However, that technical expertise is not required in discrimination cases. I am not sure what the best solution is, but I will work with my colleagues as this bill makes its way through the legislative process to see the best possible system is enacted; one that is both equitable and efficient.

As a refugee from a country where discrimination ultimately led to genocide, I strongly feel the Government must protect its citizens from discrimination.●

SOVIET SUPPRESSION OF HUMAN RIGHTS

● Mr. QUAYLE. Mr. President, it is an honor today to speak on behalf of the 1983 Congressional Call to Conscience Vigil to bring attention to the plight of Soviet Jewry. This effort is of great importance in making known the continuous repression the Soviet Government is perpetrating on its Jewish citizens.

In this day and age when the TV media and the newspapers are continuously bombarding the viewers and readers with oftentimes sensational stories about human rights violations that are occurring in our Southern Hemisphere and elsewhere, one does not often enough hear about the blatant suppression and violations of the most basic human rights of Soviet Jews.

Within these Halls there have been numerous actions undertaken to call attention to the plight of the Soviet Jews, which is just one of the festering sores which complicate relations between the United States and the Soviet Union.

Senate Concurrent Resolution 11, introduced by the junior Senator from Maine and of which I am a cosponsor, states it best when it calls on the Soviet Union to:

Fulfill its obligations undertaken in the Helsinki Final Act, the Universal Declaration of Human Rights and other international agreements relating to human rights,

by pursuing a more humane emigration policy and ceasing harassment of Jews and others seeking to leave.

Since 1970, about 260,000 Jews have been able to emigrate from the Soviet Union. But in February of this year, only 125 Jews were allowed to leave. This is less than left on an average day during the peak year of 1979. In 1982, 2,692 Soviet Jews were granted permission to emigrate as compared to 51,320 in 1979. Within the Soviet Union, to be Jewish means to be subject to constant abuse and harassment. One is not allowed to study Hebrew and practicing one's religion or cultural traditions oftentimes leads to threats, intimidation, or even jail.

Many of us in this country just do not know how fortunate we are. We take for granted the ability to congregate in houses of worship, to travel freely here or abroad, or even picking up the phone to call a family relative who happens to live elsewhere.

This Sunday is Mother's Day. Yet in Indianapolis, Ind., I know of at least one mother who will not be able to be reunited with, or even hear from, her son, Alexander, and his family who are in Russia. I am talking about Mrs. Lev Pevzner, who along with her husband were two of the fortunate ones to be allowed to emigrate from the Soviet Union.

They came to the United States in 1979 from Leningrad to join their daughter, Mrs. Liudmila Alexandrov, and her husband, who had been allowed to emigrate in 1978. The elder Pevznerns had to leave Alexander and his family behind.

The younger Pevzner family first tried to emigrate in March 1979. At the time they applied they were told their application must be filed simultaneously with Mr. Pevzner's parents. They did this, but then only the older Pevznerns were granted permission to come to the United States.

Since the first attempt in August 1979, Alexander and his family have attempted to emigrate six times. The Government continues to justify their denial on the grounds that he served in the military for 2 years. But, this was over 10 years ago.

The case of Alexander Pevzner and his family is similar to thousands of others in the Soviet Union. They, like others, just want to leave the confines of a country which discriminate against them and cause them nothing but pain and persecution.

Changes in the Soviet Union's emigratory policy may only come about if enough universal pressure is consistently kept on them to ease restrictions. Yet even then, changes may not occur. But, the possibility of failure cannot deter us.

Those of us in the public sector and in the private sector must continue to speak out on the issue of human rights violations within the Soviet

Union. We must continue to draw attention to the infinitesimal numbers that are being allowed to leave, and we must never stop until their rights are restored to them.

I pledge today to continue my efforts to help the Pevzner family and those like them. I also urge my colleagues to do the same.●

DR. LEROY E. HAY—TEACHER OF THE YEAR

● Mr. DODD. Mr. President, I applaud Dr. Leroy E. Hay, of Vernon, Conn., for having been named the 1983 National Teacher of the Year during the organization's 32d annual program. Dr. Hay, a veteran teacher of 17 years, is currently teaching English and futuristics in Manchester High School.

Dr. Hay—"Lee" to his friends and "Doc" to his students—was selected from over 1 million American teachers. He was first selected as the Connecticut State Teacher of the Year. This annual award is presented to dedicated, professional individuals with an outstanding record in teaching and counseling. The National Teacher of the Year program is sponsored by the Council of State School Officers, the Encyclopedia Britannica, and Good Housekeeping magazine.

Although Dr. Hay is chairman of the English department of Manchester High, he has also traveled widely throughout Connecticut speaking on futurism, and more precisely, on the future of education.

According to Dr. Hay, society's increasing demands for new technologies will continue to make new and stringent demands on the Nation's education systems to keep in step with the technological changes.

In addition, the role of the computer will become so important to the average citizen that by 1990 virtually every home will be equipped with a private telecommunications system which is linked with schools.

There is danger, however, according to Dr. Hay, of overemphasizing technology, science, and mathematics in schools and dehumanizing public education. Nor surprisingly, he is a staunch advocate of promoting emphasis on the arts, humanities, and English.

Dr. Hay believes that students have a greater tendency to excel when they know parents and teachers have high expectations of them. For example, Dr. Hay has a reputation among students of Manchester for being a tough English teacher. Nevertheless, his classes are well attended and students are always quick to sing his praises for the excellent instruction received during classes.

Dr. Hay has a unique approach to teaching. He is a strong believer that students will be adequately prepared

to deal with the frustrations and challenges of life when they are taught how to think, learn, and make sound decisions. Education, according to Dr. Hay, should be question-oriented, not answer-oriented.

In addition to his scholastic activities, Dr. Hay is currently an editor of *Forefacts*, a secondary school publication on the future, a member of the World Future Society, is working to obtain a grant for the community for arts enrichment, and is an activist in collective bargaining for teachers.

Dr. Hay was presented with a Golden Apple—symbolic of excellence in teaching—by the First Lady during ceremonies at the White House. He will be the guest speaker at educational conferences, seminars, and conventions throughout the year as a representative of what is the very best in a vital national resource—America's teachers.●

SOLUTIONS TO THE INTERNATIONAL DILEMMA

● Mr. HUMPHREY, Mr. President, in discussions of an appropriate strategy for alleviating the indebtedness of the Third World, two schools of thought are clearly distinguishable. In today's edition of the *Washington Times*, columnist Steven K. Beckner presents the final installment of a three-part series on this issue, in which the divergent approaches are clearly outlined.

In essence, Mr. President, one school of thought holds that the burden will be eased only if multilateral institutions—particularly the International Monetary Fund—and private lenders will make new resources available to troubled borrowers. It is argued that additional levels of these so-called bridge loans are necessary to ease a temporary liquidity strain on the part of LDC's.

In the view of this Senator, such a solution will never in fact attain its objective. The circumstances leading up to the current situation have clearly demonstrated that every time we extend the bridge, the shore for which we are aiming recedes further and further. Providing additional resources to the LDC's simply for the purpose of meeting interest payments on their tremendous block of debt is an economically unsound approach, which serves only to postpone the day of reckoning which must be faced if this problem is ever truly to be solved.

It is the second school of thought to which I hope the majority of my colleagues will be compelled by reason to adhere. This approach rejects a policy which encourages further debt extension and recognizes that a genuine resolution of the problem will come only through the adoption of more rational economic policies on the part of the Third World and the promotion of a sustained recovery in the industrial-

ized world. An \$8.4 billion shoring up of the IMF—an institution which, as the Beckner article notes, already has vast resources at its disposal—runs contrary to this approach.

I ask that the article appear in the *RECORD*.

The article follows:

[From the *Washington Times*, May 6, 1983]

WEST PRESSES EFFORTS TO HALT "TIME BOMB" OF THIRD WORLD DEBT

(By Steven K. Beckner)

Convinced that a Third World debt bomb threatens to devastate the international banking system and the global economy, Western governments are trying to defuse it.

The industrial countries' current strategy relies primarily on resource transfers to the Less Developed Countries (LDCs)—an approach influenced heavily by the Brandt Commission, a group of present and former government officials led by Willy Brandt, ex-chancellor of West Germany and chairman of its Social Democratic Party.

In a February manifesto, the commission warned that Third World financial woes threaten to plunge the planet into "a depression comparable only to the crisis of half a century ago." It recommended a concerted reflation of the world economy, a massive transfusion of aid to developing countries and expansion of the International Monetary Fund.

Not only should the IMF's capital base be doubled, but it should act as the world's central bank with an expansionary global monetary policy, the commission contends. As a step in this direction, the report says, the IMF should allocate annually up to 12 billion Special Drawing Rights—its basket currency creation.

The commission also recommends expanded long-term, concessionary lending by the World Bank to supplement the IMF's short-term balance of payments loans. It encourages Western central banks, in cooperation with international agencies, to provide bridge loans and to coordinate continued commercial bank lending.

The Brandt Commission theme, which closely resembles the Third World's agenda, has been echoed repeatedly. Washington's Institute for International Economics has called on the IMF to lend on a substantial scale and to undertake a "resumption of SDR allocations." The institute, headed by former Assistant Treasury Secretary C. Fred Bergsten, suggests "a sharp increase in the structural adjustment lending of the World Bank" and urges commercial banks to "increase their net lending to developing countries by some 5-10 percent overall over the next 12 months." Much of this program already is being carried out. In February, the United States and other nations voted a 47.5 percent increase in their quota contributions to the IMF (to about \$99 billion) and approved a tripling of a special fund, the General Agreements to Borrow.

An SDR allocation could be in the works. Unlike IMF quotas, which are pledges of currency that the 146 member nations make to the fund, SDRs are monetary units which the IMF creates and distributes to its members. To date, 21.4 billion SDRs, worth about \$23.5 billion, have been created.

Third World leaders have long clamored for large new allocations of SDRs, which they could exchange for hard currencies or borrow against to pay their debts. In the past, this has been opposed as an inflation-

ary increase in world liquidity. But in the present mood, some amount of SDR allocations is likely to be approved. An 85 percent majority on the IMF board of governors is required, so the United States with its 19.52 percent voting share can veto any allocation.

A knowledgeable IMF official said there is no plan for an SDR allocation, adding the question is under constant review and has considerable support from a lot of quarters. The source said the IMF's research department is preparing a study for presentation at the IMF's annual meeting in September.

Meanwhile, the capital of the World Bank is being doubled to an estimated \$85 billion to \$90 billion by 1986. Last week, bank President A. W. Clausen, former president of the Bank of America, endorsed a further \$40 billion ordinary capital increase in 1986, and suggested a \$20 billion selective capital boost to tide the agency over until then. Negotiations also are underway to raise the funding of the International Development Association, a soft loan affiliate of the World Bank.

The U.S. Treasury and Federal Reserve together with foreign central banks last fall provided more than \$6 billion in short-term credits to Brazil and Mexico while they were negotiating loan packages with the IMF and commercial banks.

Finance ministers from the developing countries meeting in Washington last week asserted in a communique that these efforts are inadequate.

But another school of thought holds that the debt bomb doesn't have as much megatonnage as many fear and that, in any case, the best way of disarming it is not a barrage of aid dollars. This school maintains that the developing countries themselves are largely responsible for their economic predicament.

There is a growing recognition that the LDCs must adjust their economic policies. "The longer countries postpone adjustment, the greater the deterioration in their economic situation becomes and, hence, the more difficult it is to turn their external payments position around," said IMF Managing Director Jacques de Larosiere in a March speech.

Central to the IMF's role are its loan conditions, which typically ask debtor countries to curtail excessive monetary expansion and budget deficits, set their currency exchange rates at realistic levels and avoid uneconomic price and interest rate policies. Proponents of heightened aid charge that the IMF is too restrictive and promote a shift toward more unconditional and concessionary financing by the World Bank and regional development banks.

Others assert that even the relatively conservative IMF is unworthy of increased support. "The IMF already has substantial unused financial resources and the power to create and raise additional billions of dollars," writes Robert E. Weintraub, senior economist of the Joint Economic Committee in a newly published study. With 100 million ounces of gold, \$8 billion in cash, as well as its power to borrow and create new SDRs, the IMF "has a formidable package of 'last-resort' financial resources and powers," he argues.

Looking at the other elements of a five-point program enunciated by Treasury Secretary Donald T. Regan, Weintraub observes that central banks already have ample powers to extend emergency credits and warns that "policies to promote economic growth" could promote inflation. And

he decries Regan's exhortation to banks to keep lending abroad. "Doubtless banks would feel more secure lending to LDCs if their governments see the IMF as an elastic conduit for helping debtor nations," he observes. "However, continued lending could lead to a magnification of the same imprudent lending practices that helped create the present debt crisis."

Weintraub's proposed solutions include "resumption of economic growth by the United States and other developed countries." But he emphasized they "must be careful to prevent new inflationary surges from accompanying or closely following their recoveries and the corollary growth of developing nations' exports."

Secondly, Weintraub says debtor nations must act to "increase their exports and the investment of foreigners in their plant and equipment, decrease their imports and constrain their consumption." To do this they must "allow their exchange rates to float downward or devalue them realistically." For their part, the United States and other industrialized countries must avoid protectionist measures.

The idea of encouraging investment is beginning to take root in the Third World camp, although those countries frequently have discouraged foreign capital. Mauricio Herman, chief of the Inter-American Development Bank's Development Division, recently suggested creation of development equity—securities that would reduce LDCs' interest costs and shift some of the risks to investors in the developed countries.

Noting that the relative importance of direct investment in Latin America has declined from 25 to 17 percent of total external financing, the Peruvian said, "This increased leveraging means that interest rates must be paid regard less of the return of the investment financed by these funds." By contrast, with investment, "Dividends paid—and remitted abroad—depend on the yield of the investment."

In town recently, Pakistan's minister for planning and development, Mahbubul Haq, said his country is dismantling administrative controls in an effort to unleash private enterprise. He said Pakistan is inviting American investors to help develop its energy and agricultural resources.

Under the auspices of the liberal Brookings Institution, a group of former government officials from the United States, France, Germany and Japan issued a statement observing, "Under most circumstances, the best way to transfer resources and skills to developing countries is through private investment. The developing countries can contribute to its continuation by policies which create a congenial climate."

The final element in solving the debt dilemma is a "willingness of bank creditors to reschedule maturing loans and extend additional credits," according to Weintraub, but he stresses that banks "cannot and should not be pushed or tempted" to do so.

Stretching out loan payments, extending new credits, renegotiating interest rates and stipulating economic policy changes "is the alternative to default," Weintraub says. "Rescheduling produces basic benefits for both banks and debtors. Banks do not have to write down problem loans. Debtor nations avoid the onus of default."

Massive, coordinated repudiation of the Third World's \$265 billion in commercial bank debts is extremely unlikely, Weintraub concludes, but even if it happens, federal bank regulators can defuse the debt bomb by allowing the affected banks time to write down the defaulted loans to zero. ●

CARGO PREFERENCE AND AGRICULTURE

● Mr. QUAYLE. Mr. President, American agriculture stands today at a crossroad. After 3 years of falling prices and farm income, the PIK program has given renewed hope to American farmers. We should recognize, however, that the PIK program offers only a temporary solution to a larger problem of balancing supply and demand for the bountiful products of American agriculture. In order to achieve long-term balance, we need to work very hard on stimulating demand for our abundant and vital farm products.

Mr. President, it has become increasingly clear that continuation of cargo preference requirements on agricultural exports that benefit from some Federal assistance or credit can only harm the prospects for increasing demand for American agricultural goods. In my home State of Indiana, almost 40 percent of our acreage is devoted to production for the export markets. In order to protect and expand existing markets, we need to allow our producers to be competitive with increasingly active and successful foreign producers. It is only by removing the impediments to a fully competitive position in foreign trade that we can kindle the kind of growth and price strength needed for a healthy farm economy.

I had hoped by this time that we would have taken a small step toward removing the cargo preference requirement for exports assisted under the new and commercially oriented blended credit and export PIK programs. Senators HELMS, BOSCHWITZ, and BOREN have shown foresight and leadership in addressing this issue in S. 822. While awaiting final Senate action on S. 822, I wanted to urge support for the cargo preference exemption contained in this bill.

I do not want to belabor this issue, because its merits seem relatively unambiguous to me. I would simply like to highlight a few of the more important reasons for pursuing quick action to relieve the burden posed by cargo preference requirements on the commercially oriented programs initiated by USDA.

First, I believe that those of us in Congress, and in the entire Federal Government, often tend to confuse issues when it seems convenient or self-serving to do so. Cargo preference on agricultural exports under the blending credit and export PIK programs offers a clear and compelling case against such confusion.

What we are trying to do with these relatively new export promotion programs is to stimulate sales of surplus U.S. commodities and develop or protect export markets traditionally served by U.S. exporters. We are trying to accomplish these modest goals at a time of crisis in the farm

economy and, coincidentally, of severe Federal budget austerity.

The proponents of cargo preference argue that the secondary goal of protecting the U.S. merchant marine and promoting development of a U.S.-flag fleet with military cargo potential should also be included among the goals of these export stimulus programs.

This is all well and good as long as the diverse goals are compatible. Unfortunately, they are not. The costs of cargo preference significantly impair the success of the export stimulus program. Some have even contended that the benefits of blended credit are more than offset by the cargo preference differential. It is abundantly clear, in any case, that the total quantity of grain and other commodities sold under these programs will be substantially reduced by the costs of cargo preference.

Additionally, the benefits to the national defense of the cargo preference requirement on sales of bulk commodities are limited at best. The evidence available to me indicates:

One, that vessels carrying bulk agricultural commodities are of limited military use;

Two, that preference programs do not promote construction of a U.S. fleet that is modern, well-equipped, and capable of serving as a military auxiliary.

The larger question raised by these observations is simply: would it not be better to separate the conflicting purposes of the cargo preference and export stimulus programs. The admittedly scarce Federal dollar would be more efficiently spent to stimulate exports of agricultural commodities if it were not siphoned off to pay the high cost of shipping them on U.S.-flag vessels. On the other hand, we would do much better in realizing the goal of military readiness if we were to be more direct in promoting or even subsidizing the types of vessels truly needed to move military cargo in real-life situations. This is not the proper time to address this issue in more depth, but I would strongly suggest that our goals for both agricultural and national defense would be better met by separating these two issues.

I have an additional concern that is somewhat parochial, but altogether relevant. My concern about the impact of existing cargo preference laws on the agricultural community is concurrently bound to my interest in the shipping activity, or relative lack thereof, throughout the Great Lakes. The fact that only one U.S.-flag operator ships through in the Lakes greatly diminishes the efficiency benefits that the Lakes' ports might seek to gain from cargo preference restrictions. The Lakes can only compete for half of the Public Law 480 cargo that is ex-

ported from the United States, in spite of the fact that a substantial majority of those shipments originate in the Lakes region and are likely to find their lowest landed cost of shipment through the Lakes.

For example, in 1982, 56 percent of all the agricultural commodities transported by the U.S.-flag fleet were shipped under Public Law 480 cargo preference requirements. The Maritime Administration estimates that the total subsidy to the U.S. merchant marine for Public Law 480 shipments exceeded \$150 million. Of that subsidy, USDA absorbed \$97.7 million. A \$150 million subsidy represents the value of roughly 900,000 metric tons of flour that are produced but not sold in the United States.

In summary, the Midwest loses in two respects from the cargo preference requirements. First, the total amount of cargo shipped abroad under the food for peace program is reduced by almost 15 percent. Second, since U.S.-flag ships cannot for the most part operate in the Great Lakes, shipping costs are increased and local revenues to Great Lakes ports are lost.

A final point I would like to emphasize is that the issue we are addressing today is not a frontal assault on the "maritime subsidy" as some would like us to believe. Rather it is a limited initiative designed to make recent agricultural export stimulus programs more efficient.

As many of my colleagues have already pointed out in great detail, we must find effective ways of reviving the farm economy in this country. We have seen 3 years of falling farm income, which has had a tremendous impact on the entire economy. We cannot have a full and vigorous economic recovery unless the farm economy turns around, and this can only be fully realized when demand, both domestic and foreign, picks up. The Federal Government and the American farmer simply cannot afford either to store or to "set-aside" its way to prosperity. Production control without demand-stimulus programs can only be of short-term value.

So, Mr. President, I urge all of my colleagues to support the Agriculture Committee in its effort to offer efficient and cost-effective programs to stimulate the demand side of the equation. I need not remind my colleagues either of the cost of supply-management programs or of the aggressive subsidy programs by other countries which have undercut our traditional markets. The Boschwitz amendment is a modest attempt to move in the right direction, but both U.S. farmers and the U.S. economy would receive a big lift from this modest but effective measure. I urge prompt passage of the Boschwitz amendment to S. 822, or to other appropriate vehicles. ●

HIGH-TECH: LEAVING HOME

● Mr. COHEN. Mr. President, for the past week the Washington Post has run an in-depth and thought-provoking series of articles entitled "High-Tech: Leaving home." These articles, written by Dan Morgan, examine the increasing pace of technology in the United States and in Japan, our chief technological rival.

The series raises many questions over the extent to which the United States should share, either directly or indirectly, technological innovations with Japan. It describes, for example, how the movement of technology by various means, such as through the formation of joint ventures with foreign firms, the publication of technological data—or even the theft of trade secrets through industrial espionage—can shift the delicate balance of economic power away from the United States.

In examining these issues, the series asks whether past policies of both American Government and business have helped the technological capacity of foreign countries while hurting our own, and whether "America is destined to relive the economic decline of Great Britain, another nation with a proud history of invention and technological innovation."

Recently, many bills which are aimed at improving America's technological expertise have been introduced in both the Senate and the House of Representatives. These proposals seek to encourage industrial innovation so that we can compete more effectively in the world market. This series adds another perspective to the problems facing the United States as it adjusts to the information age and serves the important function of making the Government, business, and the public more aware of the value of advanced technology—whether it takes the form of computer chips, genetic seed breeding research, or robotics in heavy industry—as a crucial asset to America's economy and future.

I submit the series of articles from the Washington Post for the RECORD.

The articles follow:

[From the Washington Post, May 1, 1983]

HIGH-TECH: LEAVING HOME—LOANED SCIENCE RETURNS AS COMPETITION

(By Dan Morgan)

In the 1950s and '60s, inventor George Devol took out several dozen patents for what he called his "programmed article handling device." He felt sure that American industry would be revolutionized by his ideas.

The patents were soon acquired by a struggling young company called Unimation, anxious to cash in on the new technology that seemed certain to sweep the country.

But U.S. companies showed little interest in Unimation's products, and in 1968 the company in desperation made a deal with Kawasaki Heavy Industries, allowing the Japanese firm to use its know-how.

Devol's "programmed article handling device" is known today as a robot. And today, Japan leads the world in the manufacture and use of industrial robots.

Now, Kawasaki and other Japanese companies sell robots to America's industrial giants, which are belatedly acknowledging the merit in Devol's ideas. Kawasaki robots, based on technology acquired from Unimation, will work on automobiles that will soon start rolling off Nissan Motors' first U.S. assembly plant in Tennessee.

"We're handing it to the Japanese on a platter," said Devol, now 71. "I just can't understand America."

Stories such as that, repeated across a wide spectrum of U.S. industry, raise deeply troubling questions about the nation's ability to compete in the demanding business conditions of the Information Age.

The United States developed the first computer-controlled robots, the transistor, the integrated circuit, the video cassette recorder, the communications laser, fiber-optic cable, gene splicing and the software that enables computers to design, test and manufacture products.

Yet good ideas percolating out of research laboratories and machine shops have not guaranteed the health of American industry. Japanese companies are ahead of or equal to the United States in several of the businesses that grew out of those innovations.

Is something fundamentally wrong with U.S. management? Are foreigners "ripping off" precious American technology? Has the country sold its ideas without giving enough thought to the impact on its future industrial competitiveness? Is America destined to relive the economic decline of Great Britain, another nation with a proud history of invention and technological innovation? Can an open, unplanned society that tolerates a high degree of economic confusion survive the challenge of societies operating on the principle of consensus and clear national objectives?

This series examines these questions in the light of the technology trade with Japan, America's principal economic rival. The ever increasing pace of technological advances and the way both nations use the new discoveries play a controlling role in the rise of some industries and demise of others.

Movement of technology from one country to another, through sale of a patent, purloining of a trade secret, the visit of a student, publication of a technical paper, establishment of a joint business venture or acquisition of a foreign company can influence the balance of economic power between countries in the 1980s as surely as the petroleum trade did in the 1970s.

It can sound the death knell of an industry, and cost American jobs, as it has in parts of the steel industry hit by imports of Japanese and South Korean steel manufactured with the newest continuous-casting processes.

For industrial countries, technology is a particularly precious asset, a trust for the future, that can help offset the competitive advantages that lower wages and less expensive social programs give some other nations.

As the United States shifts slowly from a manufacturing to an "information" economy, emerging high-technology industries offer one hope for generating new wealth and new jobs requiring skills greater than those available in overseas labor forces.

While high-technology industries in themselves will not generate enough jobs to solve the U.S. unemployment problems, application of a wide range of technologies to dozens of industries at least holds out the hope for a more productive, competitive and growing U.S. economy.

Ironically, American technology has played an enormous role in the emergence of the Japan now challenging the United States for economic supremacy.

Lacking natural resources and excess manpower, Japanese industry has prospered by a near-fanatical emphasis on maximum exploitation of advanced technology.

Between 1950 and 1980, Japanese companies acquired almost all of the world's available advanced technology by signing at least 30,000 licensing or technical agreements with western companies, mainly American. The price paid by Japan in royalties and fees has been about \$10 billion, less than one-fifth of what is spent in the United States for research and development in one year.

EXPORTS PROVIDE INDUSTRIAL BASE

U.S. licenses and advanced equipment have provided the base for numerous Japanese high-technology industries.

One example: U.S. computer graphics systems and electron-beam etching devices were used by Japan to produce 64,000-bit computer memory chips ahead of American chip makers.

Another example: The Pentagon-backed sale of dozens of sophisticated U.S. aerospace technologies to Japan under a joint weapons-production program is helping to create an advanced Japanese aircraft industry.

This massive transfer of technology, in the interest of strengthening a military ally, is upgrading the capability of Japan's expanding commercial aircraft industry to compete against Boeing and McDonnell Douglas by the year 2000.

"Japan is doing to us what we did in Europe after World War II," said Jacob Rabinow, consultant to the National Bureau of Standards and holder of 218 U.S. patents. "They are taking our science and making products out of it."

However, few who operate out of the "engine rooms" of advanced industries think that it would be desirable, or even possible, for America to put a sudden lock on its trade secrets.

"The horse is out of the barn," an aerospace executive said.

The web of transpacific business relationships that has grown over the years is much denser than most Americans probably realize. General Motors-Toyota, IBM-Matsushita, General Motors-Fanuc, General Electric-C. Itoh. These are just a few of the hundreds of joint ventures, partnerships or technical tie-ups now in place. Untangling this web would be almost unthinkable now.

Moreover, the United States no longer enjoys a technology monopoly in this relationship. Japanese steel companies, for example, are selling U.S. companies their processes for continuous casting and cold rolling, and Sumitomo Metals Industries is helping U.S. Steel build the first U.S. mill capable of turning out 48-inch, Arctic-grade pipe.

JAPAN SEEKS BREAKTHROUGHS

One of the most far-reaching comparisons of U.S. and Japanese technology, conducted last year by Japan's Society of Science, Technology and Economics, concluded that Japan was inferior to the United States in 56 key technologies but superior in 51. The

survey examined 43 products in 37 industrial fields and compared the degree of automation, methods for testing product quality and design techniques.

Between 1970 and 1979, the five largest Japanese computer chip companies filed for almost as many U.S. patents (1,200) as the five largest U.S. firms (1,500).

If the United States is having trouble with Japanese competition when U.S. science and technology remain superior, some ask, what will the situation be later in the decade when Japan's concerted effort to create its own breakthroughs in the "knowledge intensive" industries begins to bear fruit?

Japan is not the world's only technologically advanced country. French aviation expertise, British computer software, Swedish robotics and Soviet missilery are impressive. But Japan is emerging as the strongest challenger in the 1980s.

Tokyo's Ministry of International Trade and Industry (MITI), the superagency that guided the successful export drive in automobiles and consumer electronics in the 1970s, has put together consortiums of Japanese companies and banks to develop computers that think like humans, "intelligent" robots, a supercomputer 1,000 times more powerful than anything sold by IBM, an electric car, fuel-efficient ceramic engines, carbon dioxide lasers and a new generation of computer software.

Few U.S. industrialists underestimate the seriousness of this effort.

Recent American visitors to Japan, for example have been impressed with efforts under way there to develop a new generation of powerful computers, capable of functioning at very high speed and emulating some of the flexibility and creativity inherent in human thinking.

"If these projects are successful, which appears likely, advanced economic and military research in the United States may become dependent on access to supercomputers of [Japanese] manufacture," concluded three computer scientists from Los Alamos National Laboratory in a report published in Science magazine last December.

For Americans who grew up in a postwar world in which the United States seemed to hold a virtual monopoly on technological advances, those statistics often seem bewildering. The United States has 124 Nobel Prizes in physics, chemistry and medicine to Japan's four, and American scientists are hard pressed to name a single Japanese innovation that has truly changed the world.

But Japan exports about \$5 billion more in high-technology products to the United States than it imports. While the U.S. share of world trade in high-tech products and technical information declined from 31 percent in 1962 to 21 percent in 1979, the Japanese share rose from 5 percent to 14 percent.

To some extent, the government reaction to this has focused on a need to formulate policies that would safeguard U.S. technological advantages. James C. Abeggien and Thomas M. Hout of the Boston Consulting Group in Tokyo have called sale of civilian technology to Japan at bargain prices "a disaster" and "the biggest fire sale in history."

"With the benefit of hindsight, it is now apparent that many U.S. firms overestimated the permanence of their technological supremacy and underestimated the 'boomerang effect' of their technology licenses," Washington trade attorney Carl J. Green said.

Companies explain their licensing of technology to Japan by saying that Japan's protectionist policies have often barred them from selling U.S.-made products there. Moreover, they suggest, royalties are often pure profit and help recoup past research costs. The \$517,000 received by Unimation in royalty payments from Kawasaki in 1980 amounted to half of the company's net earnings.

However, such royalty payments often seem small compared with the benefits to Japan. RCA, Industrialists note ruefully, still is receiving royalties for licensing color-television processes to Japanese companies, which compete aggressively with RCA.

At the same time that the issue of technology safeguards is being raised, there is equal concern that the United States not overlook its own well-documented industrial shortcomings.

"The problem in this country isn't innovation. We innovate like hell. The problem is that our developed industries don't adapt and adjust rapidly enough," said Prof. Leslie Eric Cross, acting director of the materials research laboratory at Pennsylvania State University.

In a report on Japan written in 1981, Washington consultants Harald B. Malmgren and Jack Baranson criticized U.S. industry for being too quick to move factories abroad to take advantage of low wage rates, "rather than redesigning and reengineering production techniques to meet Japanese competition."

Robert B. Reich, of the Kennedy School of Government at Harvard University, criticized government research policies "subject to sudden changes in national security needs and prevailing policies."

Inventor Jacob Rabinow is critical of U.S. corporate managers, a breed that he said suffers from "technological illiteracy."

"They're bankers and lawyers. . . . They'd rather sell a company than straighten it out," he said.

For all the concern about the failures of U.S. business, U.S. policy-makers stress the need for a sense of perspective. "Japan is not yet a technological giant," Undersecretary of Commerce Lionel H. Olmer said.

The race between U.S. and Japanese robotics companies shows why it may be risky to jump to conclusions about the demise of U.S. industries.

THE UNITED STATES AS UNDERDOG

The United States is undoubtedly the underdog. Japan, with about 150 robotics companies, is on the verge of a major export push that will put new pressures on the United States. Although it now exports only about 5 percent of the robots it manufactures, Japan wants to increase that to 20 percent by the mid-1980s.

This strong Japanese position is in some respects a natural outgrowth of Japan's earlier concerns about manpower shortages, rather than a farsighted commitment to technological advances.

By 1972, these concerns had given rise to the Japan Industrial Robot Association (JIRA), formed with the backing of MITI. JIRA published papers, circulated technical information and raised the consciousness of Japanese businessmen about robots.

In 1980, an MITI-sponsored consortium comprised of 24 robot manufacturers and 10 insurance companies was set up to buy robots and lease them to Japanese manufacturing companies on a trial basis. This was a major boon because plant managers no

longer bore all of the risk of introducing an untried and relatively expensive technology.

By contrast, the U.S. automobile industry, the largest potential market for fledgling robot companies in the mid-1960s, faced no such problems. Fear of labor union opposition, rather than potential manpower shortages, was the auto makers' dominant concern. General Motors, Ford and Chrysler were then in the position of having almost no serious competition that might have whetted their interest in radical productivity gains.

The major asset of U.S. robot companies in the new competitive situation is quintessentially American: superior technology.

While Japan has excelled at the mechanical engineering required for mass production of high-quality robot arms, gears and sensors, U.S. companies maintain that they are ahead in the increasingly important field of producing software programs that "teach" robots to perform tasks.

Automatix, a three-year-old company located in Billerica, Mass., amid one of the nation's fastest growing high-tech clusters a few miles from Rte. 128, is an example of a company gambling on technology to beat back the Japanese challenge.

Tucked away in the Massachusetts woods, Automatix exudes the hustle and bustle typical of small "start-up" companies founded by entrepreneurs eager to ride the expected boom in lasers, microwave communications, microelectronics, home computers, robotics and other Information Age industries.

In a workshop where gangly robot arms hang limply, half a dozen young men stare intently into a tangle of wires protruding from the open back of a computer. A guide explains that the men are "smart guys from MIT" who might be up all night trying to improve a program that guides the path of a robot arm along the line where two pieces of metal come together to be welded.

In a nearby room, a visitor is invited to try his skill at "teaching" a robot. Using a hand-held controller to make the robot arm move up, down, sideways and forward, the visitor moves the device into position while a computer records the trajectory to within eight-thousandths of an inch and memorizes it for future use.

Automatix started with excellent credentials and technical assets.

Its chairman, Philip Villers, had proved his entrepreneurial abilities as cofounder of Computervision, an aggressive computer graphics firm that had experience in Japan in the 1970s. Vice President Victor Scheinman helped design the "Stanford Arm" while working at the Stanford Artificial Intelligence Laboratory.

And Automatix had acquired a valuable piece of software from the Stanford Research Institute: algorithms used to give robots a primitive sense of sight, a step toward more versatile machines.

Automatix' major problem at the outset was lack of a robot for arc welding, the "niche" where Automatix wanted to make its mark. Its solution was to turn to a Japanese company, Hitachi.

Hitachi had just the robot the new U.S. company wanted, while Automatix had something Hitachi needed: a foot inside the U.S. market.

The deal struck by Automatix was to import Hitachi robots and outfit them with Automatix controls and software. As Vice President Michael J. Cronin said, it was a sort of devil's pact with few illusions on either side.

The Japanese strategy was clear to Cronin.

"Everybody [in the United States] would get to know the Hitachi robots and they would then come in and cut the price by a factor of two," he said. "They fully expected to take the whole market away from us by the end of 1982. We knew we had a year or two before Hitachi steamrolled in here. It was a chess game."

Right on schedule, Cronin said, Hitachi began an export drive midway through last year, placing glossy advertisements in magazines and sending Hitachi salesmen to Automatix customers. But by then, Cronin said, Automatix was ready to spring a "bear trap" of its own.

"We couldn't produce cheaper robots than they could, but we could advance the state of the art and redefine the market," he said. By late last year, Automatix was offering many new features in connection with the Hitachi robots it was selling.

Most important, the Automatix robot could be "taught" quickly "off line," meaning that small companies could program the robots for new tasks without shutting down production lines for hours. Building on the SRI algorithms, Automatix also offered a "vision system"—television cameras that are the working robot's "eyes" and allow it to make minor adjustments of its movements.

Cronin believes the strategy has worked. Chevrolet is using this Autovision II system to inspect truck front ends as they come off assembly lines, and Seiko in Japan uses it to inspect digital watches. Automatix has sold about 60 arc-welding robots at about \$75,000 each to U.S. customers such as General Motors. He estimated that Hitachi has sold fewer than 10.

In essence, Cronin said, Automatix is taking a leaf out of the Japanese book by obtaining a "base technology"—the Hitachi robot—and "running like hell with it."

Soon enough, he added, Automatix intends to attack Japan.

"I promised Hitachi I'd come back and try to sell 'em one of their own robots. We may not win over there, but we'll learn a lot. I'd rather get my bruises in Tokyo Bay than in Boston Harbor . . .," he said.

"We're gambling that robotics is still in an revolutionary stage that will lead to robots developing eyes, ears and maybe even brains. We're looking way ahead and inviting companies to move with us down the technology road . . ."

"If we lose, it will be because we got fat and sloppy, because we worried about profit-to-equity ratios and mergers. . . . If we lose, it will be because we lost our stomach for battle."

(Contributing to this series were Tokyo bureau chief Tracy Dahlby, who conducted interviews in Japan, and Hobart Rowen, senior economics writer. Staff researcher Carin Pratt assisted with the reporting and research.)

WHO'S WINNING THE TECHNOLOGY RACE—JAPAN VERSUS UNITED STATES

	United States	Japan
Optical communications:		
Glass telephone lines	(1)	(1)
Lasers, light sources		X
Receivers	(1)	(1)
Computer chips:		
Memories		X
Microprocessors	X	
Computers:		
High speed systems	X	
Software	X	

WHO'S WINNING THE TECHNOLOGY RACE—JAPAN VERSUS UNITED STATES—Continued

	United States	Japan
Computer aided design and manufacturing (CAD/CAM)	X	
Genetic engineering:		
Gene splicing	X	
Fermentation processes		X
Industrial robots:		
Motors and arms		X
Controls and software	X	
Fine ceramics:		
Engines		X
Electrical components		X
Commercial aerospace:		
Engines	X	
Avionics	X	
Fuselage design	X	
Communications satellites	X	
Steel:		
High temperature blasting		X
Specialty steelmaking		X

¹ Equal.

Symbol: X indicates leader in field.

Sources: Office of Technology Assessment; Joint Economic Committee; Cabinet Council on Commerce and Trade; Japanese Society of Science, Technology and Economics; Industry Sources.

INDUSTRIAL ROBOTS

	Japan	United States
Production in units	3,200	1,269
Production in value (in millions of dollars)	180	100
Installed operating units	11,250	4,370

Source: Paul Aron, "Robots Revisited: One Year Later."

WHAT U.S. PIONEERS, OTHER NATIONS PERFECT

When the U.S. Postal Service asked for bids several years ago on \$500 million in optical character readers to sort mail, it received an enthusiastic response, from foreign companies.

Of six proposals, all came from overseas firms, including two from Nippon Electric and Toshiba of Japan. The companies offered the latest in high-technology postal equipment capable of reading the zip code on letters, checking it for accuracy and marking each envelope with a bar code for sorting and routing.

There was a "lack of interest" on the part of U.S. companies which "just didn't have any machines that we wanted," said Assistant Postmaster General James French.

What was surprising was that much of the early work on optical character readers had been done in the United States.

Such examples of foreign companies capitalizing on technologies pioneered in the United States are far from rare:

Although the transistor was invented at Bell Laboratories in 1947 by Nobel laureates William Shockley, John Bardeen and W. H. Brattain, Japan's Sony first sold transistor radios in this country in 1956.

A U.S. company, Ampex, introduced the first videotape recorder, the Quad, in 1956. But Sony engineers, working feverishly to improve on early U.S. designs, preempted the American consumer market in videocassette recorders with the Betamax in 1975.

RCA and Philips pioneered the technology for color television. But by 1969, Sony's Trinitron picture tube and Hitachi's solid-state color receiver had put the Japanese ahead.

In 1969, RCA invented complementary metal oxide silicon (CMOS), a process for making microchips that use very little power. Some microelectronics specialists say

Japan is now even with or ahead of the United States in such technology.

In the case of the foreign optical character reading equipment, the Postal Service resorted to "Buy America" tactics to make sure that U.S. companies got a piece of the new high-technology business. It agreed to buy the equipment, but only if it were made in the United States, and suggested that the foreigners acquire American "partners."

The contract was awarded to two U.S. companies, Burroughs and Pitney Bowes, which teamed with Nippon Electric and Italy's Eltag to make the character readers. The other companies dropped out.

"We went a little beyond 'Buy America' . . . I suppose we did what Japan sometimes has done," French said. "But we're part of this country, and its economic health and well-being are important to us."

—DAN MORGAN

PROLOG—TRAVELS OF A COMPUTER CODE

The travels of Prolog, a computer language used in the esoteric field of artificial intelligence, suggest the speed with which ideas and new technologies are carried across international borders by the scientific community.

Prolog was born in the sunny Mediterranean city of Marseilles. It was moved to the colder climes of Scotland, carried across the Atlantic and settled for a while in California. Today, it has found a warm welcome, and probably a permanent home, in Japan.

The Prolog language was written in 1971 by Alain Colmerauer, a French computer scientist at the artificial intelligence unit of the University of Marseilles. He is said to have been inspired about Prolog in part by Robert Kowalski, an American then working at the University of Edinburgh. Kowalski had been looking into using new kinds of logic to program computers to perform some of the complex interpretive tasks that human beings are capable of. The ideas meshed with the work of Colmerauer, who had been testing ways of having machines parse sentences, a first step in having computers translate languages.

In 1974, a Kowalski associate, David Warren, visited Colmerauer and took Prolog back to the University of Edinburgh. There he shared the concept with Harry Barrow, an American computer scientist.

In 1977, Barrow brought Prolog to the United States, introducing the language to colleagues at the artificial intelligence center at Stanford Research Institute in Menlo Park, Calif.

A year later, Prolog made a new convert in Japanese computer scientist Koichi Furukawa, who was spending a year at SRI.

"He played with Prolog at the end of his stay and like it," recalled Daniel Sagalowicz, the center's assistant director. When Furukawa returned to Japan's Electro Technical Laboratory, he explained it to his boss, Kazuhiro Fuchi.

At ETL, Prolog created an immediate stir. While another language, LISP, has won wider acceptance in the United States, Prolog seemed to be the language that Japanese computer scientists had been seeking.

When Fuchi was made technical director of Japan's prestigious Fifth Generation Computer project, which is leading Japanese efforts to equal or surpass the United States in high-speed and high-powered computers, he took Prolog with him.

—DAN MORGAN.

[From the Washington Post, May 2, 1983]

HIGH-TECH: LEAVING HOME—BATTLING TO INNOVATE AND EMULATE: INTEL VS. NIPPON ELECTRIC

(By Dan Morgan)

Peering into a microscope at a greatly magnified computer chip one day last August, Peter Stoll of Intel Corp. saw something startlingly familiar. In one of the tiny cells, two transistors were disconnected from the rest of the chip, and dangled uselessly in their bed of silicon.

Stoll, 33, a chip designer, recognized the defect as a small, last-minute repair job he had performed on Intel's 8086 microprocessor several years earlier. It had worked, correcting the minor flaw in the chip's logic, and the 8086 went on to become ephenomenally successful as the "brain" in a wide range of business computers, robots and industrial machinery.

But what startled Stoll was that the chip under the microscope was not Intel's. It was a product of Nippon Electric Co. (NEC) of Tokyo. Stoll concluded that he was looking at a Japanese copy so perfect that it even repeated the small imperfection in the original chip.

Intrigue of that kind in the \$13 billion-a-year global market for computer chips has led to U.S. accusations of unfair Japanese practices, ranging from copying to protectionism. Critics of Japan say that its efforts to gain supremacy in computer chips, perhaps the single most important technology of the Information Age, are typical of the methods employed by "Japan Inc."

"We're at war, no doubt about it," said a computer scientist from a large U.S. research laboratory. "If I had money in 'Silicon Valley,' I'd get it out . . . It's just like any other war zone."

U.S. politicians are in a mood to strike back.

Democratic Reps. Don Edwards and Norman Y. Mineta, from California's so-called Silicon Valley area, have introduced a bill to give copyright protection to chip designs. They say the measure is needed to stop "private firms" from "flooding markets with copied designs that undersell the innovating firms."

But some trade specialists caution that there is a Japanese side to this story. For one thing, U.S. companies are holding their own in the competition.

Japan, whose share of the U.S. chip market is well under 10 percent, has made inroads in some kinds of chips, such as memories, that store information. But the United States is dominant in microprocessors, the "computers on a chip" that serve as brains for computers and controls in dishwashers, jet aircraft, missiles, industrial robots, telephone systems, traffic lights and hundred of other products.

Many experts insist that Japan's progress is not attributable to copying.

"The basis for the Japanese taking an ever larger share of the [chip] market is not transfer of American technology," said a patent attorney for a large U.S. company. "It's Japanese management, equipment and a degree of cooperation between firms that's prohibited in this country."

Even the issues in the Intel-Nippon Electric dispute about alleged copying of the 8086 microprocessor become fuzzier on closer inspection. Intel contended that NEC wrongfully copied the chip's microcode, the set of internal instructions laid out as a pattern of transistors on the chip's memory. Intel counsel Roger Borovoy said the micro-

code was copyrighted and could not be used without Intel's permission.

Officials from NEC's U.S. sales company acknowledged that the microcode on their chip is identical to that on Intel's including the flaw engraved onto the original.

"If you're not 100 percent identical, you're dead. If you take the fatal flaw out, it wouldn't be compatible. We have chosen to be as close to the original as possible," said NEC's David Millet, who is in charge of nationwide marketing of microprocessors.

But NEC officials in Japan and the United States deny that the company did anything wrong, contending that they had a right to produce their own version of the chip under a 1976 agreement allowing both companies to use the other's patents.

NEC officials in this country say the question of whether the microcode can be copyrighted has never been decided in court, and Intel agrees. And they say that NEC even sent Intel a 1979 announcement of the NEC version of the 8086.

The story of the NEC-Intel dispute is representative of the suspicion, tension and, often, grudging admiration that characterize the competition between the two countries. It begins with the markedly different cultures and societies from which the two have emerged.

THE ROOTS OF COMPETITION

Compared with the 84-year-old NEC, Intel is an upstart company, an example of American boldness and nerve that began with a few dozen employees in Santa Clara, Calif., in 1968 and grew into a business with 19,000 employees worldwide.

Intel's stock in trade has been innovation. Since it was founded, the company has spewed out firsts, including the first microprocessor in 1973. A founder, Robert Noyce, is one of the inventors of the integrated circuit, which became a basic component of modern electronics.

Intel is also a sort of corporate melting pot that, like the nation itself, has drawn its brain power from all over the world. Its current president came to America as a refugee from Hungary in 1957; a senior vice president was born in Hungary, and an Israeli, an Italian and a Japanese are credited with helping to develop several new Intel products.

NEC has succeeded in typical Japanese fashion: through dogged determination, aggressive marketing and initial reliance on U.S. technology, including that of Intel.

From the outset, NEC had financial and structural advantages over Intel. While Intel makes more than 80 percent of its income from the sale of chips, NEC is a conglomerate that produces computers, electrical equipment and other products. Chips account for less than 20 percent of its revenue, so a temporary decline in that business can be offset by gains in other products.

As a member of the influential Sumitomo industrial group, NEC could draw on the financial resources of the Sumitomo Bank and on the marketing connections of the Sumitomo trading company. But Intel has depended for its financing on the vagaries of the U.S. stock market and bank loans. For most of the last 10 years, Intel has had to borrow money at much higher interest rates than NEC.

Until the early 1970s, NEC was no match for American chip makers. The U.S. computer chip industry was expanding rapidly, thanks in part to heavy government spending on chips for the Apollo man-on-the-

moon space program and the Minuteman intercontinental ballistic missile.

In 1973, computer scientists in Intel's laboratory scored a major breakthrough with invention of the first microprocessor. This was a watershed not only for Intel, but also in the history of the information industry.

Until then, chips generally had performed only a single task, such as adding, subtracting, multiplying or dividing. Combining those tasks required wiring together several chips on a bulky board. But a single microprocessor chip could perform all those functions. This meant, for example, that one computing chip could run a pocket calculator, shut off a microwave oven, analyze blood or control traffic signals.

It was possible for general-purpose microprocessing chips to replace more expensive, customized ones previously needed by industry. As microprocessors became more sophisticated, they increasingly began to do jobs that previously had required large, cumbersome computers.

NEC claims to have developed an early microprocessor on its own at about the same time as Intel. This chip, the uCom 4, could handle simple tasks such as operating a pocket calculator. But Japanese officials acknowledge that they have had trouble keeping up with U.S. advances in microprocessors. To do so, Japanese companies have repeatedly relied on U.S. patents and "reverse engineering."

Industry representatives make a distinction between reverse engineering, a generally legitimate practice in which one company's designs are used as a model by another company's engineers, and copying, in which imprints of circuitry are taken by using photographic and lithographic techniques.

In the late 1970s, for example, NEC produced a version of Intel's 8080 microprocessor, the first chip complex enough to handle word-processing programs. A new generation of microprocessors was making possible the era of small, compact personal computers, and Intel was again in the lead.

Tomihiko Matsumura, NEC's senior vice president for research, acknowledged in an interview that NEC attempted to make and sell its own comparable chip, "but we did not succeed." So, he said, NEC engineers analyzed the 8080, then laid out their own "completely different" version, using NEC manufacturing techniques.

Roger Borovoy, Intel's general counsel until he left the company last month, said Intel had no objection because NEC had used the 8080 only as a model and not "copied" it.

Japan, he acknowledged, was becoming an innovator in chips in its own right. Between 1974 and 1977, the government had poured at least \$300 million into a research consortium that included NEC and five other companies. "They had come a long way with their own development. They'd attained a status of their own," Borovoy recalled.

Evidence of NEC's progress came in April, 1976, when Intel and NEC signed an agreement that enabled each company to use the other's patents. In the next several years, Intel was to utilize several NEC patents for specialized types of chips.

By the late 1970s, NEC, Hitachi, Fujitsu and Toshiba were grabbing significant shares of the world market in memory chips, devices that store information but do not perform the complex tasks of microprocessors. But these companies still had problems with the far more complex microprocessors.

In 1978, a year before NEC completed its version of the 8080, Intel introduced a much

more advanced microprocessor, the 8086. It crammed 30,000 transistors onto a quarter-inch-square piece of silicon, producing as much computing power as some 1960s' computers that filled rooms. The 8086 could handle not only word processing but also complex mathematics, and it and comparable microprocessors are being used in most sophisticated personal and business computers, such as IBM's popular personal model.

NEC's representatives recognized that the 8086 gave the United States a decisive edge in silicon brain power. In 1978 they approached Intel about supplying technical aid to produce the 8086 in return for a percentage of the money NEC would get from selling the 8086 in Japan.

But this time, Intel turned NEC down. NEC, in the midst of a U.S. expansion program, was preparing to enter the international chip market in a big way. It had just purchased a California computer memory company called Electronic Arrays and was planning a second California facility for making memories and logic circuits.

"We weren't anxious to help our competitor," an Intel official said.

Instead, Intel made a deal with NEC's Japanese rival, Fujitsu. Thwarted, NEC decided to go ahead with a version of the 8086 without special help from Intel.

NEC's Matsumura acknowledged that the resulting chip is "interchangeable" with the Intel version, but he strongly denies that it was "copied." Similarly, Robert Hinckley, an attorney for NEC in San Francisco, contends that NEC had a right to reverse-engineer the chip because of the patent cross-licensing agreement of April, 1976.

NEC officials said it was no secret that they would produce the 8086. Electronic News reported it and, NEC officials said, they sent a copy of their announcement to Intel and received no protests.

NEC, however, had several problems.

For one thing, the Japanese company apparently had difficulties reproducing a version of the Intel device without American help. It was not until 1980, two years after Intel's 8086 appeared, that NEC's comparable chip was sold in the United States.

There was also the problem of Intel's copyright on the chip's microcode, a sort of brain within a brain. It is the part of the microprocessor that takes electronic commands from a keyboard and tells the rest of the chip's parts what to do with the commands and in what sequence.

Like a video-game cartridge, the microcode is a computer program that has been written by a programmer and then is built into the chip. In a Pac Man videogame, the microcode tells the Pac Man what to do. In a microprocessor, the microcode tells a computer what to do. Although the microcode appears in the 8086 as hardware—a pattern of 10,752 tiny transistors—Intel maintains that it is not a mere piece of electrical circuitry but is "intellectual property" covered by copyright law.

Copyrighting the microcode had seemed to Borovoy a way to protect the company's intellectual effort from infringement. Borovoy said his "knees wouldn't shake" at bringing a lawsuit against a company that copied Intel's microcode.

But Hinckley, NEC's San Francisco attorney, said no cases have been adjudicated establishing any company's copyright claim on such material.

"Copyright is designed to protect works of authorship—artistic works—and we don't think microcode qualifies," he maintained.

Whatever the merits of their respective cases, NEC and Intel reached a settlement

on the 8086 in March after several months of negotiations and without litigation. Borovoy, who said he could not discuss details of the settlement, said the agreement would save hundreds of thousands of dollars in court costs.

THE BATTLE FOR MARKET SHARE

But the dispute over the 8086 is seen at Intel as only one chapter in what will undoubtedly be a continuing battle.

"The Japanese see themselves locked in a warlike struggle, determined singlemindedly to reach their objectives by any means, regardless of the impact on the U.S. . . . It's going to be a very, very bloody battle out there," Intel's Noyce said.

He argued that Japanese tactics have denied American companies the fruits of their innovation, profits that enable them to pour money into creating new technical breakthroughs needed to maintain the U.S. lead.

U.S. studies have accumulated a mass of evidence buttressing Noyce's contention that the Japanese government has shielded local chip companies from U.S. competition while they prepared for an onslaught on traditional U.S. markets. U.S. companies have never been able to capture more than 20 percent of the Japanese chip market even when their technological lead was overwhelming.

Before 1978, only Texas Instruments was permitted to establish a wholly owned manufacturing subsidiary in Japan, and even TI had to share some of its patents with Japanese companies to secure that concession.

Few deny that the Japanese challenge is serious. Japan is running a \$250 million trade surplus with the United States in chips. And NEC and Hitachi ranked just behind Motorola and Texas Instruments as world leaders in sales last year.

A detailed study issued in February, 1982, by the congressional Joint Economic Committee warned that the main casualties of the relentless Japanese export drive could be small, innovative Silicon Valley companies. With them out of the running, it warned, Japan would be in a position to beat the United States in innovation.

Some industrial experts say the United States should keep its sense of perspective as it responds to Japan's challenge.

Robert B. Reich of the Kennedy School of Government at Harvard University said Japanese chip companies made headway after 1975 primarily because they plunged ahead while U.S. companies, hard hit by the recession, "stood still."

U.S. companies have recently regained some of their lost share of the world market in memory chips and still have an impressive lead in microprocessors. In typical U.S. fashion, Intel is on the verge of marketing an even more advanced microprocessor, the 80386, which the company claims will be far ahead of anything produced in Japan.

Intel has also announced that it will soon sell the first magnetic, bubble-type memory capable of storing 4 million bits of information, the equivalent of 240 typewritten pages.

"Despite trade barriers and protection and copying, we're still winning, although that's no guarantee for the future," said Bob Derby, who ran Intel's marketing operations in Japan.

That, free traders say, should be a warning to those in Congress who want to wield the big stick of government retaliation in the computer chip battles with Japan.

(Contributing to this series were Tokyo bureau chief Tracy Dahlby, who conducted interviews in Japan, and Hobart Rowen, senior economics writer. Staff researcher Carin Pratt assisted with the reporting and research.)

CHIPS: A GLOSSARY OF TERMS

Silicon: the hard, gray, lightweight material from which chips are made. Wafers of silicon are "doped" with impurities in selected places to change electrical properties and affect the path of the current. Lithography is used to imprint tiny wires, or circuits, on a chip's silicon layers.

Transistor: an electrical switch in a chip that can be turned on and off in a controlled way to store or process data.

Integrated circuit: a combination of transistors. The latest generation contains as many as 100,000.

Memory: a chip that stores information.

Microprocessor: a chip that performs some of the same tasks as a computer; the "brain," or control in hundreds of pieces of equipment, from car engines to computers.

Microcode: a software program that is the permanent set of instructions on a microprocessor chip.

Bit: A single "on" or "off" signal, a single piece of electronic code. It takes several bits together to represent one letter, punctuation mark or numeral.

[From the Washington Post, May 3, 1983]

HIGH-TECH LEAVING HOME—IN LASER ADVANCES, AN ORIENT EXPRESS

(By Dan Morgan)

In 1970, a team of scientists at Bell Laboratories successfully tested a tiny laser the size of a grain of sand that made possible a new era of "optical" communications.

Although the device was primitive by today's standards, it was the predecessor of lasers that can be turned on and off tens of millions of times a second to transmit telephone conversations, messages and other information in the form of light waves pulsing through extremely pure glass fiber cable.

"It was the first time I ever saw champagne brought into Bell Laboratories," recalled Bell physicist Morton Panish, one of two scientists credited with the invention.

Now, 13 years later, the U.S. companies that make lasers have less to celebrate.

When Bell Telephone began looking around in 1980 for lasers to go with the first light-wave cable under the Atlantic Ocean, to be installed later in this decade, it turned to Hitachi of Japan.

"Hitachi appeared to have potentially the most reliable laser in the world," Jack Si-press, director of Bell's undersea systems laboratory, said. "We have had no reason to doubt the wisdom of that."

The story of how a Japanese company got a beat on the Bell System's manufacturing subsidiary, Western Electric, and on RCA, Exxon, Hewlett-Packard and Xerox—all of which had access to Bell's patents and were working on lasers in the 1970s—raises questions about U.S. industry's ability to take advantage of technologies being developed in its own back yard.

"The United States is an underdeveloped country when it comes to getting useful, proven technologies transferred to business and industry," said John A. Alic, who has specialized in studying U.S. industrial policy at Congress' Office of Technology Assessment.

The reasons for this vary from industry to industry. Computerchip companies slowed

product development in the mid-1970s due to sliding demand during recession, and some of the country's innovative genetic engineering companies are having trouble raising capital. But a more general problem appears to be the shortsightedness of large, established U.S. companies.

"The fact is the U.S. has tire marks all over its back when it comes to getting the products out," a Bell scientist said. "When you come right down to it, nobody sat down as early as [Hitachi] did and said, 'We're going to do this.'"

Japanese officials said there is nothing magical about their success.

"American industry has the frontier spirit, and big Japanese enterprises don't, so we think we should guide [Japanese firms] to develop the technology," said a representative of the Ministry of International Trade and Industry (MITI) in Tokyo.

In the early 1970s, MITI joined Japan's public phone company, Nippon Telephone and Telegraph, and several private companies to begin experimental research on fibers, lasers, video cameras and other optical devices. Most of the money was supplied by private industry, with an eye to winning at least half of a worldwide market in optical communications equipment projected at \$8 billion by 1990.

The effort was aided by Japanese scientists strategically placed in U.S. research laboratories where work on lasers and optical fibers was proceeding and by U.S. patents and processes for which Japan has paid little.

The economic stakes in the optical communications race are staggering in size, although other high-technology communications systems such as microwave and satellite also hold promise.

But microwave use congests air-wave frequencies and telephone communications by satellite can suffer from distortion because of the distances involved.

These restrictions do not apply to optical communications. Thus, the world is on the verge of a major change that will continue well past the year 2000 as optical systems carry increasingly larger amounts of information over smaller, cheaper lines than the current electromechanical systems. The first such line has just been installed between Washington and New York.

A half-inch-thick glass fiber cable can carry 46,368 simultaneous conversations, the same amount as a four-inch copper coaxial cable. Installation of optical cables should be considerably easier in overcrowded urban systems.

In addition to long-distance communications, lasers and optical recorders capable of storing tens of millions of bits of information will become standard in offices, computers, video-disc equipment and broadcasting.

BELL LABS, SOVIET INSTITUTE PIONEER LASERS

Optical communications also will be useful to the military services because there are no effective methods of intercepting signals transmitted as light waves.

In a light-wave system, a voice is converted into an electrical impulse, as it is in a standard telephone system. This signal is scanned by a digital encoder at a central office and converted into a stream of "ons" and "offs."

The laser light source is then activated and transmits "ons" as a pulse of light and "offs" as the absence of one. Booster stations amplify the light signal every few miles.

Undisputed pioneers in developing laser-light sources for such systems were Bell Laboratories and the Ioffe Institute in Leningrad. But until 1970, researchers were plagued by several problems.

In one, lasers became overheated as beam-generating current passed through them and could only function continuously in super-cold liquid nitrogen, which made them unsuitable for commercial telephone systems. In another, the intense light could not be confined and tended to leak.

Bell's solution brought together the worlds of telecommunications and microelectronics. It involved using gallium aluminum arsenide to make a laser similar to a computer chip. This laser required very little power and could run at room temperature without overheating.

Details of the experiment were published in mid-1970 in the Applied Physics Letter of the American Physical Society. Bell officials recalled that the article, by Bell tradition, revealed somewhat more than other companies tend to publish about their technical achievements.

Because of its position as research arm of American Telephone & Telegraph (AT&T), a government-approved monopoly, Bell in 1956 signed a consent decree agreeing to make its patents available to other companies. Partly because of that agreement, openness became something of a tradition at Bell Laboratories.

The publication, which appeared at almost the same time that Soviet physicist Zhores Alferov of the Ioffe Institute was publishing his results, triggered widespread interest in the future of lasers as a communications medium. It also tied in with efforts under way at Bell and Corning Glass Works to develop a process for making glass fibers to carry the laser light signals.

"Once we and the Soviets had published, everybody filed in to do research," inventor Morton Panish recalled.

In retrospect, however, representatives of Bell and other companies acknowledged that the record of American companies in following up on this breakthrough was less than scintillating.

IN LASER ADVANCES, AN ORIENT EXPRESS

One U.S. company that saw early commercial promise in the new technology was Hewlett-Packard. In the mid-1970's it hired several people from Bell Laboratory's laser division and put them to work with a laboratory staff at Palo Alto, Calif.

One of them, C. J. Hwang, has mixed memories of the Hewlett-Packard work. The company, he said, "developed a whole laser program from scratch. But when the time came to go into production, they went back and forth and finally decided not to make the product because they couldn't generate positive cash flow within a year."

Hwang left soon after that to start his own company, General Optronics, which sells lasers to International Telephone & Telegraph (ITT), General Telephone & Electronics Corp. (GTE), Siemens in West Germany and SAT in France. General Optronics lasers are being used in France's Biarritz project, which involves use of fiber-optics communications to transmit television, telephone and picture-phone services to 1,500 houses.

Hewlett-Packard spokesman Robert Bouzon said holding off production was a "market decision." At the time, he said, it did not appear that there would be a profitable market for the lasers until 1985 to 1987.

"Why produce a product without a market? If you can get the state-of-the-art product from Japan, you get it," he said. Hewlett-Packard, he said, is continuing research on laser products.

To some, Hewlett-Packard's hesitation is reminiscent of developments in the U.S. consumer electronics industry in the 1960s and 1970s. An analysis of that period by William J. Abenathy and Richard S. Rosenbloom of the Harvard University Business School concluded that U.S. and Japanese managements took a very different approach to marketing, which had much to do with the final, disappointing outcome for the United States.

"American managers tend to rely on market research and 'objective' analysis to identify latent market opportunities, whereas [Japanese] firms like Sony took risks on novel products and set out to develop the market," they wrote.

In 1977, Exxon attempted an ill-fated foray into the laser world.

Through its venture capital arm, Exxon Enterprises, it bought a small Elmsford, N.Y., firm called Optical Information Systems (OIS) and began attracting a wide range of talent. Physicists were hired from Bell and RCA, and even a Soviet emigre physicist joined the project.

But within 24 months, Exxon was trying to sell the company, and many of the top scientists drawn to it were drifting away.

Exxon Enterprises spokesman Darcie Bundy said that although OIS was promising Exxon Enterprises was "sharpening its focus on certain other major companies, and OIS did not have the degree of necessary interdependency" with those companies.

Bundy did not say, however, why reaching that conclusion took Exxon almost two years, during which a substantial research effort had been launched.

Critics of Exxon's role have said privately that such in-and-out plunges by industrial giants is a waste of resources that hardly strengthens American economic competitiveness.

In December, 1981, Exxon finally found a buyer for its unwanted acquisition: the U.S. subsidiary of Japan's Mitsubishi Chemical Corp., which took a very different view of OIS's potential.

According to James M. Campanozzi, the reconstituted OIS's vice president for marketing, the Japanese company believes that lasers will have widely varied applications in office information systems, recording and broadcasting, as well as communications.

While Exxon had stressed research, he said, Mitsubishi "takes a more commercial view. We want to move into the systems area . . . into product lines for video, voice and data communication."

At RCA, early work on lasers focused on military rather than commercial applications. RCA's scientists were busy developing lasers that could pick out military targets and function as fuses in missiles.

Such work has given RCA a potential niche in President Reagan's planned new "Star Wars" system of electronic and laser anti-ballistic missile shields.

This emphasis is defended by Michael Ettenberg, head of RCA's optoelectronic devices and systems. "Military contracts kept us alive," he said. "There was not a significant commercial market for 15 years, and most business until the last couple of years was military in nature."

Asked why the Japanese had not been hindered by the same lack of a commercial market, Ettenberg put part of the blame on

the U.S. recession in the late 1970s, and added: "The U.S. doesn't invest in the future as much as the Japanese."

RCA's history at least raises questions about the heavy military emphasis in much U.S. research and development. Robert Reich of Harvard University's Kennedy School of Government acknowledges that the Pentagon has stimulated research activities but "not always in the direction of commercial success."

U.S. experts also acknowledge that U.S. companies had reason to be skittish. For one thing, producing lasers proved to be extremely complex and costly. Even today, one of the tiny light sources costs \$2,000 or more.

Also, rapid advances in processes for producing pure glass fiber cables to transmit the laser light kept changing requirements for the lasers late in the 1970s. While lasers producing light-wave lengths of 0.8 microns were in favor in the early stages of fiber-optical cable development, wave lengths of 1.3 microns appeared to work better with the purer fibers developed in the late 1970s. A micron is 1 millionth of a meter in length.

Yet those obstacles did not keep Hitachi, again with help from Japanese scientists who had worked at Bell, from having a 1.3-micron laser ready by 1980.

Within a year after the initial Bell paper was published, according to Bell physicist Panish, "the Japanese were reproducing our results and in several years were doing their own research."

One asset was the network of Japanese scientists with first-hand experience in the U.S. research effort. Izuo Hayashi, who heads a government-industry effort in optical communications in Japan, was working at Bell when the first successful laser was assembled in 1970 and is credited, along with Panish, as one of its co-inventors.

One of Hayashi's mentors in Japan was another Bell alumnus, Michiyuki Uenohara, now a managing director of Nippon Electric. The roster of light-wave specialists at Japanese companies is studded with scientists who studied or worked at U.S. research facilities.

However, a Hitachi official, who asked not to be identified, credited the company's success primarily to the "free flow of information" among the 2,000 engineers at the firm's research laboratory on the outskirts of Tokyo.

"Anyone who wants to consult colleagues or form a discussion group on a new idea can immediately pinpoint people and exchange information. This contrasts with the United States where engineers tend to feel technologies they've developed are their own personal property and are likely to keep [blueprints] locked away . . ." he said.

HITACHI GETS CREDIT FOR LASER INITIATIVE

"At Hitachi, these things are not the assets of each individual or each team but of the whole company. . . . The researchers who were working on this [communications laser] field felt keenly that the product was something that had to be developed," he said.

Laser experts give Hitachi full credit for initiative.

"The Japanese have taken the open technology from the United States and have done a rapid, government-funded development to the point where they are in production and we are having a hell of a time keeping up," said Kenneth Nill, vice president of Lasertron, a small Massachusetts laser company founded in 1981 by three scientists

from Lincoln Laboratories. "They are fine-tuning, producing faster and more reliable stuff."

In the United States "there is always a missing connection between the laboratory and production," General Optonics President Hwang said. "It's basically an organizational problem, not that we can't compete with the Japanese."

Bell officials respond that the United States is still far from being out of the laser race. Western Electric produces the 0.8-micron lasers used in the first light-wave telephone link between Washington and New York City and it is gearing up to turn out 1.3-micron devices at a plant in Reading, Pa.

Several weeks ago, Bell also announced the successful test of a "secret weapon" in the communications laser battle. Called a "cleaved coupled cavity (C-cubed) laser," it has transmitted 420 million bits of information over an 80-mile-long fiber-optic line without error.

"It's an extremely significant development," Bell patent attorney George Indig said. "We may have made the breakthrough. It appears to be the most practical way to transmit light waves error-free."

The "C-cubed" machine is a pair of tiny lasers that operate in tandem on a chip to emit a light wave on a single frequency. The advantage of the single frequency is that receivers do not have to unscramble various lightwave signals emitted by different parts of the light spectrum, as they do in the case of light from other existing lasers.

"We're very excited," Indig said.

However, Bell officials note that the development essentially is a conceptual one that others can follow. The manufacturing technology is not radically different from the one in which Hitachi now seems to lead.

"It doesn't mean that the Japanese won't exploit this idea and turn out these lasers before we do," Indig said.

(Staff writers Tracy Dahlby in Tokyo and Hobart Rowen in Washington conducted interviews for this series. Staff researcher Carin Pratt contributed to the report.)

THE GLASS MAKERS' STANDOFF

Turning glass into gold is a trick that Corning Glass Works has been performing for 131 years, but now there is another group of corporate alchemists on the block by the name of Furukawa, Sumitomo and Fuji-kura.

Those three companies are determined to gain a major share of the biggest new glass market since the invention of the light bulb: superpure Fiberglas communications cable, annual sales of which are projected to reach billions of dollars by 1990.

This has given rise to a battle of tactics pitting Corning against its Japanese rivals. Technology is at the root of the conflict.

Although Corning developed the first process for making the ultrapure glass fiber needed to transmit laser light waves, it has been thwarted in efforts to sell the fiber to Japan. At the same time, Corning has refused to license them to use Corning's patents to make fiber for sale here and has made known that any company selling fiber in this country must obtain a license or face a patent infringement suit.

The Corning process, called chemical vapor deposition (CVD), was invented in 1970. Heated gases were put into a chemical reaction with a revolving cylinder of quartz. This produced sooty deposits that were heated and drawn out from an extruder like

strands of warm taffy. The hair-thin strands of glass then were coated, cooled and wound on reels.

In 1974, Bell Laboratories announced a modified version of the Corning process. "There's no question that Bell publishing the details helped everybody all over the world," a Corning executive was to say later. While Corning was carefully guarding its invention, Bell licensed its patents widely.

This appears to have undercut Corning's efforts to preserve its technical lead. Furukawa and Fujikura, which are among the companies that have broad patent licenses from Bell, soon began using the Bell process. Bell officials estimate that half of the fiber being produced in Japan is made with it.

Meanwhile, Corning's efforts to sell its own glass fiber in Japan were thwarted.

When Corning attempted in the mid-1970s to sell its fiber to Nippon Telephone and Telegraph, Japan's public phone company, NTT advised Corning that it purchased communications equipment only from Japanese firms. NTT also refused to buy from a Japanese-American joint venture proposed by Corning.

Finally, in December, 1977, Corning licensed Furukawa to use its patents but only to make fiber for sale in Japan.

By this time, however, Sumitomo was ready with a process of its own. This development, industry sources said, was aimed at "getting Japan out from under the Corning patents."

Sumitomo was subsequently granted a U.S. patent for its invention, and Corning patent specialists acknowledged that it uses different manufacturing procedures than does Corning. However, Corning officials maintained that the Sumitomo process relies on knowhow developed by Corning in the 1970s in that it also uses the same materials and lays down a sooty deposit on the outside of a quartz rod.

Corning recently filed suit against Canada Wire and Cable, which bought fiber from Sumitomo, claiming that the imported fiber infringed on Corning's patents.

Japanese companies are also fighting Corning at home.

Corning's license agreements in Japan call for Japanese companies that use the invention to pay royalties to Corning. But one Corning official said, "I'm not aware of any royalties being paid." Although one Japanese patent has been issued to Corning, Japanese companies are challenging Corning's applications for several other patents.

Bell has had problems, too. Seven Japanese companies, including Furukawa and Fujikura, are opposing Bell's 8-year-old application for a Japanese patent.

In 1981, American Telephone & Telegraph was jolted when four of seven bids to install optical-transmission systems between New York City and Cambridge, Mass., came from Japanese companies. The low bidder was Fujitsu, but it was rejected in favor of Western Electric, the manufacturing arm of the Bell System and an AT&T subsidiary.

Corning executives plainly are in a mood to fight for what they view as their rightful share of a potentially huge worldwide market.

"The Japanese will target and protect until they no longer need to," Corning chairman James R. Houghton said. "Once they've driven out the competitors, they raise prices like everybody else. But we're fighting them on the patents. We're going to go down the cost curve with them and come out on top."—Dan Morgan

[From the Washington Post, May 4, 1983]

HIGH-TECH: LEAVING HOME—IS IT SHARING KNOW-HOW OR SELLING THE STORE?

(By Dan Morgan)

Some of the U.S. aircraft industry's most precious technologies are processes for using a new generation of strong, lightweight plastics to replace metal in airplane bodies.

But in 1980, the Defense Department turned aside Air Force concerns and decided to let Mitsubishi Heavy Industries learn some of the secrets for using materials in the speed brakes of F15 fighter-bombers being built by Mitsubishi in Japan.

The Navy and Air Force also have argued that computer software for the AIM9L Sidewinder missile carried by the F15 is too sensitive to share even with allies, because of the impact on U.S. security if Soviet spies obtained it.

But Defense authorized Raytheon to transfer AIM9L production data to Mitsubishi and a German-led consortium in Europe.

In the mid-1970s, NASA spent tens of millions of dollars developing the Quiet Short Haul Research Aircraft, an experimental plane that cycled its jet exhaust back across its wings for extra lift.

According to the White House Office of Science and Technology Policy, Japanese companies acquired NASA's public papers on the plane, including a Boeing report that was to be restricted to U.S. agencies. They used the papers to produce their own experimental, short-take-off plane.

Those incidents, all of which have enhanced the technical capability of an already expanding Japanese aircraft industry, are at the heart of a spreading controversy in Washington about whether the United States has given away information vital to its security and commercial competitiveness.

Under fire are liberal policies on sharing technology, during the Carter administration, which justified them by citing a need to help Japan attain its defense commitments.

In a study published in March 1982, the General Accounting Office said that the Carter administration's agreement of June 20, 1978, to allow Japan to build 100 U.S.-designed F15s for its Air Self Defense Force "supported Japan's strategy to develop a world-class aircraft industry."

A preliminary draft of a report by the president's Cabinet Council on Commerce and Trade contended that "[military] co-production has had an adverse commercial effect for the United States in a number of cases."

One U.S. official put it far more bluntly: "We've been using the crown jewels of technology to get a country, Japan, to defend itself even though that should be in its interest, and in the process we've undermined our own industrial base and taken work away from our own defense contractors. We've taken the view that turning the spigot of technology on to accommodate our allies was a price worth paying. It's been a dangerous and irrational policy."

GENEROSITY BEGETS COMPETITION

Japanese government officials and businessmen readily acknowledge using U.S. military co-production deals to help thrust Japan into the big leagues of the global commercial-aircraft industry, which has "significant technical influence on other industries," as one Japanese government report noted.

In the F15 case, the Air Self Defense Force is paying civilian defense contractors

\$1.8 billion more to acquire manufacturing processes and components needed to build 100 of the planes than it would have cost the Japanese military to buy them "off the shelf" in the United States.

Conflicting pressures and views inside and outside the U.S. government are propelled by concerns beyond the monetary costs of a weapons system.

Diverse interests in the F15 case include the foreign policy and strategic goals of the State and Defense departments, defense contractors' desires to sell aircraft in Japan, the armed services' fears that critical technology could leak to the Soviet Union, Commerce Department fears about strengthening foreign commercial competitors and the U.S. special trade representative's doubts that this country is receiving enough technology in return.

"It gets very tricky," said Roger Winblade, manager of NASA's subsonic aircraft office. "Other countries have extensive research activities. If we were to be too heavy-handed in limiting what others could have, we could hurt ourselves. Technology is so international today that trying to compartmentalize it is very difficult. It's a very delicate balance."

In a sense, the conflicts inherent in controlling the flow of U.S. technology abroad are built into the confusing maze of scattered and often seemingly contradictory regulations and laws.

NASA's charter, for example, requires the agency "to provide for the widest practicable and appropriate dissemination of information concerning its activities," including large amounts of aerospace research and development useful to other countries.

The Commerce Department's National Technical Information Service annually distributes about 80,000 papers containing results of federally financed research. The service is available to foreign countries, including those in eastern Europe, and was available to the Soviet Union until February, 1980, when President Carter canceled the subscription in retaliation for the invasion of Afghanistan.

Commerce maintains a lengthy "commodity control list," composed of sensitive products and processes that could be used for either military or civilian purposes.

Under the law, companies exporting these products to some non-communist nations need a validated license in which they stipulate that equipment or production data will not be diverted to the Soviet Union.

The requirement excludes goods shipped to Canada, which has at least 13 communist-owned but Canadian-chartered companies, some of which may be acquiring U.S. defense-related technology, according to a report of the White House science adviser.

U.S. LISTS "CRITICAL" TECHNOLOGIES

The Export Administration Act of 1978 tried to clarify this issue by requiring the executive branch to draft a list of "military critical" technologies. This exercise has proved far more complex than was foreseen, because it affects hundreds of companies.

The Pentagon's first attempt to draw up such a list in 1980 became a 700-page document that was highly classified on grounds that the list could provide a mountain of useful information to the Soviets. A National Academy of Science panel said it needed "drastic streamlining."

However, one of the most glaring technology "leaks" is acknowledged by Reagan administration officials to be the Pentagon's previous desire to provide large amounts of

technology to allies as an inducement to purchase U.S. weapons.

In return for buying a U.S. weapons system, foreign countries have been authorized by the Pentagon to build part of the system. That often involved acquiring from U.S. defense contractors the technical knowledge to produce very sophisticated equipment, including missiles and aircraft.

In 1975, the Ford administration signed an agreement with Great Britain waiving traditional "buy-national" requirements. Under the Carter program, such agreements were signed with other NATO allies to create "rationalization, standardization and interoperability" (RSI) of NATO equipment.

On June 29, 1978, Jean A. Caffiaux of the Electronic Institute Association warned a House Armed Services subcommittee that military co-production understandings being "secretly negotiated" by the Pentagon "may have the effect of committing U.S. industry to deals that are unwise, unfair and could require the surrender of technology to foreign competitors without adequate compensation or safeguards."

Former associates describe William J. Perry, then Undersecretary of Defense for research and engineering, as a fervent advocate of sharing technology to promote the "interoperability" of allied military equipment. On Nov. 10, 1978, for example, he wrote a memo complaining that the program lacked "full effectiveness" because of the "inability of [foreign] countries to gain access to . . . technical data relating to acquisition programs."

On March 5, 1980, a Defense Department directive advised that Pentagon agencies "shall encourage the transfer of technology" to allies and should "foster an early mutual exchange of technological and other information with NATO allies to promote the development and adoption of standardized or inter-operable weapons systems."

"The Defense Department was put in a position of fearing to defend critical technology," a Pentagon source said.

One side effect of these Carter administration policies toward NATO was to encourage an aggressive Japanese push for some of the same access that Europeans were getting.

Perry, now with the San Francisco venture capital investment company of Hambrecht & Quist, declined to be interviewed for this series. The Pentagon has denied, on national security grounds, repeated requests by The Washington Post over a four-month period to examine the Japan-U.S. F15 agreement, the report of the Military Information Disclosure Policy Committee that evaluated Japan's ability to keep top technology secrets, or any other documents connected with the deal.

Privately, however, The Post was told that a major reason for the denial was concern that such information could embarrass the Japanese government, which is facing domestic criticism for its planned arms buildup.

F15 PROGRAM CAUSED TENSION

From the beginning, the F15 program aroused sensitivities on both sides of the Pacific.

Soon after the June, 1978, "memorandum of understanding," Air Force specialists at the Pentagon and Wright-Patterson Field in Dayton, Ohio, drew up an extremely detailed list of technologies considered too sensitive to be transferred to Japan because of the danger to U.S. security if they fell into Soviet hands.

Nicknamed the "negative list," it was obtained somehow by officials at Japan's Ministry of Defense, according to V Garber, who worked for Perry as director of international programs.

Garber said the list apparently was passed to the Japanese by someone at the Defense Security Assistance Agency. In any case, he said, when he and Perry traveled to Japan in late 1978 they were greeted with "indignant demands" that restricted F15 technologies be released. Japanese officials argued forcefully that without these technologies it would be difficult for them to make repairs, Garber said.

Garber, now at NATO headquarters in Brussels, said in a telephone interview that it was "most unfortunate" that the Japanese obtained the detailed list. But once they acquired it, it was deemed necessary to soothe the ruffled feelings.

"I told the Air Force what the Japanese demands were and asked them to review the list now that we had a more unhappy situation vis a vis Japan," he said.

Garber denies that "Perry or I overrode the Air Force," but Air Force sources remember this as a time of extreme pressure from Perry, Garber and the Japanese.

"The RSI banner was waving, and the bugles were blowing," one Air Force officer said later.

FIRMS CLEARED FOR LICENSING

Air Force sources are also critical of the failure by Perry and Garber to establish a ceiling on what amount of the plane could be built by Japanese companies, thus departing from procedure followed in the European F-16 co-production program. According to McDonnell Douglas work done in Japan accounts for more than half of the value of the Japanese F15s.

The absence of a ceiling cleared the way for a massive flow of military technology to Japan.

Virtually every big name in U.S. defense contracting was cleared after 1977 to license designs and manufacturing processes to Japanese companies in connection with military co-production. They included United Technologies, Honeywell, TRW, Rockwell, Texas Instruments, Goodyear Aerospace, Litten, Teledyne, General Electric, Itek, Motorola, Raytheon and Sperry.

Although the Air Force prevailed in opposing release of such highly sensitive technologies as design criteria for the gyroaccelerometer in the inertial navigation system—adaptable, the Air Force said, to ballistic missiles—it failed in trying to keep some of McDonnell Douglas's composite materials know-how out of the hands of Mitsubishi, the F15 program's prime contractor.

"Composite materials," a family of strong plastics that includes Fiberglas, kevlar and carbon-graphite fibers, have begun to revolutionize the aircraft industry.

Although aircraft designers still are learning how to exploit these materials, they soon are expected to extend the range of planes and missiles, add thousands of hours to the flying life of jet fighter-bombers, make possible exotic new airplanes and helicopter designs, save fuel and resist radar detection.

Although only about 3 percent of the weight of Boeing's new jetliners is made of composites, the company estimates that this could rise to a "minimum" of 65 percent by the year 2000.

Japanese companies are considered the leading producers of these materials, but U.S. aircraft companies are ahead in the

critical technology: knowledge of the properties, bonding techniques and applications.

"The materials are common to the industry," a Boeing executive said. "It's how you use them that makes the difference."

According to military sources, the Japanese military was adamant about obtaining McDonnell Douglas' designs and procedures for building the F15 speed brake out of carbon composites. The Air Force, citing the company's "highly perishable" lead, was opposed. So strong was the Air Force's opposition that it was not until early 1981, more than two years after the F15 deal was approved, that the government finally authorized release of the technology.

Japanese executives acknowledged that this technology has been valuable to Japan's commercial aircraft industry. In an interview with The Wall Street Journal published last Nov. 26, Mitsubishi Heavy's chief engineer, Akira Ikeda, said his company's F15 work was teaching it "many things" about composites useful in future airliners.

Ikeda also noted that wing-bolting techniques and rubber fuel tanks on his company's Diamond One business jet, now being sold in the United States, were developed as a result of previous military coproduction projects.

SECURITY RAISED CONCERNS

The Air Force's concern about the security implications of the F15 deal increased in late 1978, when Koku Journal, a Japanese aviation magazine, published a 200-page special edition on the F15 that included dozens of color photographs, charts and diagrams. The publication sparked a brief investigation by the Air Force's Office of Special Investigations, which concluded that the information had come from "technical orders" furnished by McDonnell Douglas and the Commerce Department.

The difficulty of separating military and civilian programs is evident at Japan's main aircraft works in Nagoya, where civilian and military programs proceed side by side. A Nagoya-based aircraft consortium that includes the F15 prime contractor, Mitsubishi, is at work on a major commercial project, building fuselage parts for Boeing's new 767 jetliner.

Public and private officials involved in the F15 program nevertheless question whether any unduly sensitive technologies were in fact transferred to Japan in the pressure of the moment.

Garber, who recalls the differences of view with the Air Force over releasing composites, says that in retrospect he does not believe the decision to share the know-how was "really regrettable—it wasn't the latest technology."

McDonnell Douglas spokesman Timothy J. Beecher said the company was on the sidelines for the decision on composites.

"It was between the two governments," he said. "But we think it's valid to ask the people who made the decisions whether countries involved could not have obtained those technologies elsewhere."

By the time the carbon fiber technology was released to Mitsubishi, he noted, the commercial aircraft consortium in Nagoya was making landing gear and wing edges for the Boeing 767 out of composites and using procedures supplied by Boeing.

A Boeing official acknowledged that, under the commercial program, the Japanese are using Boeing specifications and design information for the plastic composite

kevlar but not for carbon fibers, considered more advanced.

"The Japanese would have loved to have had all our fancy computer programs on how we put wings together," said H. O. Withington, Boeing's vice president for engineering. "But we guarded that pretty carefully. As far as giving away the store, I don't think we've ever given anything that wasn't available to anybody who wants to take the trouble to do it."

IMPACT OF CO-PRODUCTION STUDIED

Under the Reagan administration, concern about U.S. technology losses has increased dramatically. The impact of co-production programs is being studied by NASA, the Treasury Department, the Defense Science Board, the president's Cabinet Council on Commerce and Trade and the White House Office of Science and Technology.

Some aircraft specialists suggest that the debate over U.S. technical aid to Japan's airframe industry may be overtaken by developments that have made more technology sharing inevitable in the global aircraft business. It now seems likely that a Japanese consortium will become a full partner later in this decade with either Boeing, McDonnell Douglas or Europe's Airbus in building the next-generation jetliner, a fuel-efficient 150-seater.

Despite the massive flow of military technology to Japan, the U.S. government has not gained assurances from the Japanese government that specific technologies will be released to U.S. defense contractors in return.

Japanese officials have pointed out that Japanese law prohibits export of defense equipment—a broad category that could include many processes and materials if the Japanese wanted it to.

But Stephen Piper of the special trade representative's office says Japan "should not hide behind a weapons export ban . . . If we tried, we could identify basic Japanese technologies which are basic to us."

(Staff writers Tracy Dahlby in Tokyo and Hobart Rowen in Washington conducted interviews for this series. Staff researcher Carin Pratt contributed to the report.)

[From the Washington Post, May 5, 1983]

HIGH-TECH: LEAVING HOME—U.S. SELLS "CROWN JEWELS" OF KNOWLEDGE

(By Dan Morgan)

During the last decade, dozens of Japanese companies have bought some of the most powerful tools created by American technology: software programs revolutionizing the way industry uses computers.

Companies such as Yokogawa Electric, Fujitsu, Fuji Heavy Industries and Mitsubishi have U.S.-developed "source codes" for new computer systems used to design, test and manufacture computer chips, automobiles and aircraft.

Source codes are programs that tell computers what to do. Written in languages that humans can understand, they reveal the logic and mathematics underlying the systems. One computer company executive calls them "the crown jewels of American technology."

Some Americans say they see nothing amiss in the fact that U.S. companies have sold this knowledge to Japan. A world in which the flow of ideas and knowledge is restricted would be one of slow growth and costlier products, they say.

"You can talk about limiting the flow of technology, the flow of knowledge. But it's hard to dam up knowledge in a society like

the United States," Assistant Secretary of Commerce Clyde Prestowitz said.

The United States has won its standing in the world by throwing open its research laboratories, universities and corporations to foreigners. About 300,000 foreign students, eight times as many as in 1954, are enrolled in U.S. colleges and universities. Ninety-one Japanese were graduate students at the Massachusetts Institute of Technology last fall, and more than 100 are working at the National Institutes of Health.

This openness has contributed enormously to U.S. prosperity. But Japan's acquisition of such crucial technologies as U.S. software data still makes some people uneasy. Computer software is one of America's main technological assets, and one of the few technological domains in which the United States still enjoys a commanding lead over Japan.

"When push comes to shove, America had better keep its software capabilities," said William O. Baker, retired president of Bell Laboratories, America's largest private research facility. "Software is going to be the principal means of technology transfer in the '80s. It's our ace in the hole. Software can give competitors the ability to leapfrog us."

Software programs written for the latest generation of computer-aided design and manufacturing (CAD/CAM) systems have revolutionized the role of computers in industry, moving them from the financial and accounting departments into the front line of design, engineering and production.

With the present line of computer graphics systems, a draftsman can display his drawings in three dimensions on a television screen, reshape them in a fraction of a second, insert additional pieces from a "menu" stored in the computer's memory, measure the length of lines, turn the product to inspect it from every angle and test it for strength and durability—all before a single blueprint has been drawn on paper.

Computer companies are working on ways to link the draftsman's electronic work board with the factory floor, by having the same computer control the path of cutting tools or the movement of assembly-line robots.

"It's the highest industry, I think, because it's seminal," a computer executive said. "There isn't a Fortune 1000 company that hasn't made a major commitment to this technology. There are more damn people doing designs and engineering on computers now than there are accountants cracking numbers."

Today, engineers are cutting thousands of man hours off the time required to design or redesign airplanes, integrated circuits, nuclear weapons and toys, among other products. Boeing, for example, designed 30 percent of its 747 aircraft and 40 percent of its new 757 on computers.

Underlying new CAD/CAM systems are millions of lines of programs, often requiring teams of people working thousands of hours. Some inside the growing CAD industry are concerned that Japanese companies, skillfully exploiting stiff competition among the growing number of U.S. CAD companies, have gained threshold knowledge of this technology, as well as ready access to the tool itself.

"I am concerned about how much they're learning from us," said William D. Beeby, who recently retired as Boeing's director of engineering computer systems.

Japanese computer-chip companies used U.S. CAD systems to design memory chips

that put them ahead of their U.S. competitors in the late 1970s, and a consortium of Japanese aircraft companies is using U.S. CAD systems to help them become major players in the commercial airliner business.

TRANSFER TAKES PLACE GRADUALLY

Transfer of this technology to Japan has occurred over several years. For instance:

In 1974, a Bedford, Mass., company called Computervision began distributing its Computer Automated Design Drafting System-3, or CADD3-3, through a Tokyo distributor with access to the CADD3-3 source code. CADD3-3 displayed three-dimensional pictures and was considered by some the most advanced system of the time.

It was subsequently purchased by dozens of Japanese companies, including Mitsubishi, Toyota, Nissan Motors and Sanyo. According to a Computervision executive, customers could obtain the CADD3-3 source code by signing a written pledge not to divulge it.

In December, 1978, Lockheed licensed Fuji Heavy Industries, one of the major Japanese aircraft companies, to use Lockheed's "Cadam" computer design system. The license agreement gave Fuji access to the Cadam source code.

In 1979, Gerber Scientific Systems Technology of Hartford, Conn., signed an agreement with Yokogawa Electric Co., giving the Japanese company all of the source codes and technical data for its CAD system, as well as exclusive manufacturing rights in Japan, Singapore and South Korea.

The path of CAD from the minds of American computer scientists to Japanese companies is an example of how knowledge spreads in today's international economy.

Some of the initial work on computer graphics was done in the early 1960s by Ivan Sutherland, who, as an MIT graduate student, developed concepts for programming computers to portray a draftsman's lines, circles and shapes.

His program, called "Sketch Pad," was ahead of its time. Computers functioned too slowly and lacked storage capacity to handle complex programs required in such graphic display.

By the late 1960s, however, hardware developments that gave the industry better disc drives and display terminals created new opportunities for using computers in the production end of business.

Many credit a maverick genius, Patrick J. Hanratty, with developing the first true commercial CAD software programs.

Hanratty got his first taste of computers at a two-week training program in 1955. After three days, he recalled, "I felt I had learned all I could and had ideas my instructor didn't seem to have about how to talk to computers."

Over the next 17 years, he left his mark as a writer of software at General Motors Research Laboratory, McDonnell Douglas and finally at his own company, MCS, often putting in 80- to 100-hour work weeks.

Bits and pieces of his work can be found in the software programs of most CAD companies.

In 1971, soon after starting MCS, Hanratty and his associates produced "Adam," a software program that was to have widespread influence. "Adam really opened some eyes," Boeing's Beeby recalled.

Adam could create three-dimensional pictures, print out blueprints and drawings of what was displayed on the computer screen and create a tape that controlled tools to

cut and fabricate shapes on the screen. In the next several years, MCS licensed Adam to companies developing and selling their own CAD/CAM systems: Gerber Systems, Computervision and United Computing.

Hanratty's easygoing licensing procedure involved in litigation with clients who complained that they alone had exclusive rights to Adam. The litigation eventually was dropped, but the licensing resulted in rapid spread of ideas underlying Hanratty's conceptual breakthroughs. Ultimately, Computervision, Gerber and McDonnell Douglas (which acquired United Computing) licensed CAD/CAM systems to Japanese firms. [See accompanying chart.]

Today, Hanratty sells his newest creation, the ANVIL 4000 CAD/CAM system, to about 20 Japanese companies, and has adapted its control console to the Japanese Kanji alphabet. Japanese computer scientists troop to MCS headquarters in Irvine, Calif., to be trained.

Hanratty said he provides customers with source codes but is not concerned that Japan will use this information to narrow the American lead in software. All of his clients, he said, "enter into a stringent legal contract not to divulge it without MCS' permission."

In any case, he said, "our code is so mammoth that you couldn't duplicate it. . . . It takes two or three years for our own people to develop an understanding of it, and they are the cream of the electronics industry. I think it would be close to impossible for anybody to understand the full span of Anvil 4000 today."

Others are more uneasy.

Japan is trying to overcome its software shortcomings by educating more computer scientists, encouraging small, American-style "software factories" and emphasizing the need to do better.

Some U.S. companies are concerned enough about transfer of proprietary knowledge that they refuse to provide Japanese firms with source codes. Calma, Applicon and Intergraph, three leading U.S. CAD/CAM companies, provide only "object code," a computer program virtually indecipherable by humans.

Object code is created when source code comprehensible to computer programmers is translated into a stream of "ons" and "offs" stored on a tape or disc and sensible only to a machine.

Some in the industry have questioned Gerber's sale of its entire "IDS" CAD/CAM system to Yokogawa Electric in 1979. The sale included not only source codes but also other technical information. Gerber received a \$1 million initial payment, a promise of a percentage of net sales and pretax profits and a guarantee of a second \$1 million within five years. But some in the industry say Gerber gave up too much for too little.

Computervision turned down Yokogawa's request for a similar deal.

"It opened up a whole bunch of technology to them and gave them freedom to use it that nobody else had," said John Hurd, Computervision's vice president for industrial marketing. "We didn't want to give up the family jewels."

Of the Gerber deal, another former Computervision executive, Michael J. Cronin, said: "They were giving away the keys to the kingdom."

Some in the computer industry also questioned Lockheed's licensing Dec. 14, 1978, of source code for its Cadam graphics systems to Fuji Heavy Industry.

Cadam had been developed by Lockheed over several years to increase its aircraft productivity. But when Lockheed's air-production problems mounted in the 1970s, special high-technology divisions were counted on to generate profits.

Lockheed eventually sold the Cadam system throughout the world, including to competitors such as Dassault in France, one of the leading companies in the European Airbus consortium. Japanese customers eventually included Fuji, Hitachi, Kawasaki, Mitsubishi and Nippon Steel.

Although Mitsubishi and Kawasaki did not receive the Cadam source code, Fuji had it from late 1978. Fuji was a member, with Mitsubishi and Kawasaki, in a consortium that forms the nucleus of Japan's budding aircraft industry.

Explaining the 1978 decision, a spokesman for Lockheed's computer graphics subsidiary said: "Lockheed is not one company. [This subsidiary] sells software. What we did was not tied to the strategic position of the [Lockheed] corporation. We were just doing our thing."

LOCKHEED REVERSES POLICY

The spokesman said that, if the Japanese had not obtained Cadam, they could have obtained other non-American systems, such as Britain's Medusa or France's Catia. "It was just a matter of time before they would have gotten it from somebody else," the spokesman said.

Nevertheless, on Jan. 1, 1982, Lockheed announced that it would no longer provide source code with the systems it sold or licensed.

Cadam, meanwhile, has proved useful to Japan's commercial aircraft effort. It was used, for example, in Japanese work on parts of Boeing's 767 commercial airliner built under a co-production arrangement.

"We turned over the drawings to the Japanese, they digitized the geometry and put it on their Cadam system," said Marvin Wehrman, director of Boeing's computer programs. The Japanese completed their part of the design work using Cadam, Wehrman said, and the results dovetailed perfectly with Boeing's.

The cooperation worked well but raised several questions.

As required by Boeing's contract with the Japanese consortium, Wehrman said, the Japanese returned the drawings after completing the work. But, he said, they retained the electronic tapes that activated CAD pictures of parts of the Boeing plane.

Beeby, now retired from Boeing, said Japanese engineers expressed keen interest in Boeing's CAD programs.

"After the engineers left, their top management came back and looked at the system," Beeby recalled. "They were a major subcontractor. We couldn't very well shut them off."

Some, including Computervision's Hurd, even question whether the United States is very far ahead. "I find tough competition in Japan," he said.

In typical Japanese fashion, Japanese companies have begun to penetrate a few, selected parts of the market.

Typical of the new breed of entrepreneurial, American-style CAD companies making their debut in Japan is Zuken, founded by Makoto Kaneko, 38, a computer expert. Sales increased from \$450,000 in 1978 to \$10 million in 1982, mainly on CAD systems for designing electronics systems and computers.

Marketing director Akihiko Mizukami sees a bright future. Computers soon will be re-

quired to design computers, and Zuken is preparing for that day, he said.

(Staff writers Tracy Dahlby in Tokyo and Hobart Rowen in Washington conducted interviews for this series. Staff researcher Carin Pratt contributed to the report.)

MADE IN AMERICA, SOLD IN JAPAN

Even before he had seen a recent article about himself in Venture Capital Journal, John B. Henry, president of Crop Genetics International in Dorsey, Md., began receiving telephone calls from Japanese businessmen interested in a possible joint venture in Southeast Asia.

Such offers are extremely tempting for small, innovative U.S. genetic engineering companies working on new products and medicines ranging from the laboratory-produced sugar cane seed of Crop Genetics to the interferons of Biogen and Genentech.

With many of these products still several years from the marketplace, pioneering U.S. genetic engineering firms need money to continue research and testing. Japanese companies are providing plenty of it in return for technology, exclusive marketing rights for future products and other concessions.

Why Japanese companies, rather than U.S. financial centers or pharmaceutical firms, are putting up the money and positioning themselves for the profits is a riddle that provides insights into pressures driving the technology trade between the two countries.

In the late 1970s, adventurous U.S. and foreign investors poured money into new companies formed by scientists who had been working on the recombinant DNA (gene splicing) technology at such centers as Harvard, Massachusetts Institute of Technology, Stanford, the National Institutes of Health and the University of California at Berkeley and San Francisco.

There was great excitement about new laboratory-produced microbes that might increase crop yields, provide inexpensive new sources of energy and, most important, form a new family of drugs against hitherto resistant viruses and other diseases.

Now, however, investors have grown more cautious.

"A couple of years ago, any university professor with credentials could generate a seven-figure investment," said Thomas D. Kiley, vice president and general counsel of Genentech in South San Francisco. "Now investors are becoming more sophisticated."

In the U.S. system, Kiley said, running up too much debt by borrowing from banks is considered bad business. Even if banks agree to loan money, he said, rising debt drives down the price of stock, creates financial worries and makes it difficult to attract investors or qualified executives.

The way out, he said, is to do research for other companies for a fee or sell them technology in return for commissions from sale of products made with those technologies. "The trick is to do that without selling your birthright," Kiley said.

Making deals with larger U.S. pharmaceutical companies is extremely risky because it often can mean relinquishing the U.S. market to those companies when products are ready for the marketplace. Many biotechnology companies are cutting deals with Japanese firms instead.

For example, Genentech signed agreements with Toray Industries and Daiichi Seiyaku giving them exclusive rights to buy one type of interferon, gamma, for sale in

Japan. The Japanese companies pay Genentech while the U.S. firm continues its research, but Genentech retains control of technical processes for making the interferon, which scientists hope will be used to fight cancer and viruses.

However, Genentech could be forced to give Toray and Daiichi the technology if the Food and Drug Administration does not approve gamma for use in the United States. In that case, the product could not be exported, and Genentech has agreed to provide the gene splicing and process technology to the Japanese companies.

Other U.S. companies have made even broader concessions to the Japanese.

In 1981, for example, Genex of Rockville agreed with Green Cross Corp. of Osaka to perform research aimed at developing a microbe strain that can produce human serum albumin (HSA) in a laboratory.

Hospitals now use HSA to treat shock and a condition called hypoproteinemia, a protein deficiency in the blood. Because HSA is prepared from human donors' blood, it is expensive and sometimes scarce. Laboratory development of HSA using recombinant DNA technology could enable Genex to tap into a market worth \$600 million a year.

However, Genex agreed to give Green Cross an exclusive worldwide license to "make, use and sell" all of the HSA eventually produced under the contract.

That Japan's efforts to acquire U.S. molecular biology technology are anything but haphazard is evident from the fact that Tokyo's Ministry of International Trade and Industry has picked 14 companies to lead a research effort. More than 100 Japanese companies and research institutes are spending about \$217 million a year on research in biotechnology.

"America has unequalled capacity to develop and apply science, but our companies are competing with well-financed [foreign] corporations acting in partnership with their governments. . . . U.S. government, business and labor are running uphill," Genentech President Robert A. Swanson said.—Dan Morgan

[From the Washington Post, May 6, 1983]

HIGH-TECH: LEAVING HOME—FOR INDUSTRIAL HEALTH, FIRST, A SELF-EXAMINATION (By Dan Morgan)

In laboratory at Genentech, the south San Francisco genetic engineering company, bearded biologists in white gowns hover over trays of purple-colored cultures of interferon that someday may fight human viruses from colds to herpes.

Across the country, in Short Hills, N.J., Martin Lepselter of Bell Laboratory's advanced micro-electronics division proudly displays a snapshot of something that looks like a row of fences across a sandy desert. Actually, the picture shows parts of an electronic circuit narrower than a human hair, etched by an X-ray machine on a tiny silicon chip.

Reassuring as those glimpses of the nation's high-technology resources may be, they are not an automatic guarantee of America's economic future. As examples used in this series show, innovations produced in U.S. laboratories frequently have resulted in products made in Japan.

This phenomenon has evoked an angry reaction from U.S. politicians and the public.

Protectionist sentiment is running high on Capitol Hill, and Congress has taken up one of the most restrictive pieces of legislation since World War II: the "domestic content bill," which would require that foreign auto-

mobiles sold here include an arbitrarily established percentage of U.S. components.

The Reagan administration opposes the measure but has taken a tough approach in negotiations with Japan aimed at breaking down Japanese barriers to U.S. trade and investment.

"The time has come to act . . . We're already 10 years too late," said William C. Norris, the outspoken chairman of Control Data Corp., who has suggested "kicking out" all Japanese working in U.S. research facilities as a warning shot across Tokyo's bow.

Such suggestions are indicative of a mood of rising anger at Japan. Whether the steps contemplated so far will change the Japanese-American technological equation is moot.

Trade restrictions certainly would invite retaliation not only from Japan but also perhaps from countries such as France, where U.S. companies fare well. Moreover, in today's interconnected global economy, technology has become increasingly internationalized. Ideas travel with jet speed across borders, not only from America to Japan but also in return. Science is universal.

What distinguishes economies today often is not who is first with the technology but who first uses it effectively.

This is more than a technical problem. It involves organization, availability of capital and such subtle factors as motivation, determination and national will. These are not easily quantified or readily fitted into theories of "scientific management" that have prevailed in the United States since the 1950s.

Japanese companies already are shifting their strategies in anticipation of more antagonistic U.S. policies, forming joint ventures with U.S. companies and investing in U.S. industry.

But for the United States to think in terms of retaliation alone, warned Robert B. Reich of Harvard University's Kennedy School of Government, would be to miss an unprecedented opportunity for national self-examination. This is a process that he and other experts say must take place before American industry can return to full health.

The problem, as Reich sees it, is that politicians and their policies are lagging far behind changes reshaping the world economy.

As this series has suggested, the fragmented U.S. business community has often sold technology to Japan too cheaply and with too little consideration of its long-range impact on U.S. competitiveness. Washington has contributed to the problem by aggressively promoting sale of U.S. technology abroad as part of weapons co-production programs.

By contrast, Japan controls export of technologies developed with government support and is tightening copyright laws on computer software as Japanese industry improves its skills in this area.

But in talks with more than 150 businessmen, government officials, scientists, researchers and economists, many other explanations for flagging U.S. competitiveness were given. Prominent among them:

The U.S. research and development effort, the world's second largest after that of the Soviet Union, has suffered from its emphasis on defense. Half of all research and development dollars spent in America are from the federal government, and more than half of those are defense-related.

While much of the Defense Department's support for research on computers, micro-

electronics, lasers and aerospace has potential commercial spinoffs, the U.S. government lacks effective procedures for getting it quickly into commercial channels.

By contrast, Japan's New Technology Development Agency provides financial assistance to private firms to help them convert work done at government laboratories into products.

Big corporations and government alike tend to overemphasize research on basic science and underemphasize research on less exotic but important technologies. One example cited was robotics.

U.S. research stresses vision systems but, according to one senior executive, American robots are in urgent need of improved ability to grip objects, a mundane but crucial part of a robot's work. Although the payoff presumably would be enormous, no company has found a way to reduce drastically the time required to wash and dry clothing by machine.

In Japan, government-supported research and development often goes to less exotic "medium-tech" projects with immediate commercial potential. In the United States, "nobody wants to do the routine stuff," said Ruston Roy, a fellow at the Brookings Institution.

JAPAN HELPS WITH TRADITION OF COOPERATION

The federal government is "spending more but getting less" for its research dollars, according to S. J. Buchsbaum, Bell Labs' executive vice president for research. The more than 700 government research laboratories are "diffused" and lack well-defined goals. Materials research, which "underlies everything," is especially splintered, he said.

The United States does not pay enough attention to foreign technological developments. Only 20 percent of Japanese technical publications are translated into English, according to John A. Alic of Congress' Office of Technology Assessment.

"The [cooperative] Japanese system stands in stark contrast to the adversary relationship that typically prevails between U.S. industry and government," according to Washington consultants Harald B. Malmgren and Jack Baranson.

Robert M. Price, president of Control Data, said the most important difference between the two countries is "development of a Japanese tradition of cooperation in developing and exploiting base technologies."

U.S. antitrust laws are ambiguous and outdated. Japan helps establish research cartels while seeing to it that companies compete vigorously in marketing products resulting from the research. But U.S. industrialists said U.S. antitrust laws make forming such research consortiums here risky.

Unlike Tokyo, Washington lacks "anti-cyclical" policies to keep emerging industries growing and developing during recessions. As a result, Japanese companies have been able to exploit periods of slack business activity to catch up with U.S. competitors squeezed for capital and customers during these periods.

With some notable exceptions, such as IBM, Texas Instruments and American Telephone & Telegraph, managements of large U.S. corporations pose major stumbling blocks to the exploitation of new technologies.

Prof. Leslie Eric Cross, acting director of the materials research laboratory at Pennsylvania State University, noted that large U.S. corporations often leave development of new technologies to smaller companies

"to which they can dictate terms." Large Japanese companies, however, are "technology driven," and take the lead in new areas.

"Takeover fever" and "paper entrepreneurialism" distract U.S. management from production problems. RCA announced in 1979 that it lacked the \$200 million needed to develop an American video recorder, the fastest selling appliance of the decade. But in the same year it spent \$1.2 billion to acquire a finance company.

Large U.S. corporations, which depend on the stock market to raise much of their capital, are much more concerned with impressing potential investors with short-term profits than are Japanese firms, which tend to borrow from banks with which they have close and longstanding associations.

The net result is that Japanese companies feel freer to spend capital on long-range goals, including development of new products.

U.S. corporate managements are more removed from the production process than are their Japanese counterparts. Until recently, Ford Motor Co. had five more layers of management between the factory floor and chairman of the board than Toyota had.

U.S. management has devoted fewer of its research and development efforts to quality control than has Japan, and Japanese quality has consistently been superior to that of America.

The U.S. public education system has fallen far behind Japan, West Germany and the Soviet Union in math and science preparation. Half of the engineering graduate students in the United States are foreigners because Americans either are not applying or are not qualified.

The American Association for the Advancement of Science has said that "far too many students . . . lack motivation to study science and mathematics" because of "boring" teaching and a school climate "unfavorable to the pursuit of excellence."

Whether all or some of these reasons can explain Japan's successes in its technology race with the United States, they suggest the myriad factors that influence it.

Much has been made of the government-industry cooperation that foreigners nickname "Japan Inc.," and there is no doubt that the Japanese government has made a difference.

Current government-backed efforts involving tax breaks, research funding and pooling of research information and other subsidies are underway in genetic engineering, automated manufacturing, super-speed computers, optical communication and measurement, manganese nodule exploitation and subsea oil exploration.

An example of how the Japanese government nudges an emerging industry forward was its establishment of Nihon Aeroplane Manufacturing Co., a special corporation. Government and private firms invested in NAMCO, but the government bore the main financial risk. NAMCO developed the 64-seat YS11 civilian plane, not a great success, but the work helped companies acquire experience.

Subsequently, Japan set up the Civil Transport Development Corp., a consortium of three large aircraft companies established to coordinate Japan's work in building part of Boeing's new 767 jetliner. However, at that point direct government financial support was reduced because the companies were deemed strong enough to shoulder more of the financial risk.

Meanwhile, Japan's Ministry of International Trade and Industry (MITI) has sponsored another consortium to enable the

nation to be a 50-50 partner with Britain's Rolls-Royce in construction of a new turbo engine for the next generation of international airliner, the 150-seater.

Several experts warn against placing too much importance on the government role in Japan's success. The U.S. government pumps far more money into the American scientific and industrial community for research and development than does Japan. The Tokyo government supplies only 30 percent of the total of such funds in Japan, while Washington supplies more than 50 percent in this country.

Japan's success also clearly owes much to the ingenuity, determination and flexibility of private industry.

William J. Abernathy and Richard S. Rosenbloom of the Harvard Business School, who studied the way Japan captured the U.S. video recorder market, cited "the element of persistence" in Japanese companies.

Betamax, they noted, was the fourth generation of video recorder developed by Sony and the first that succeeded with U.S. consumers. With no assurance of success, Matsushita established an entire department of 1,200 employees to develop a video recorder for the commercial marketplace.

Little things, rather than big, often make a crucial difference, according to Americans who have studied Japanese industry.

Toyota and other auto makers save warehouse space and cash by using a "just-in-time" delivery system for components. Parts arrive only when they are ready to be installed, sometimes with less than an hour to spare. Working with tiny inventories, the auto makers can adjust quickly to ups and downs of demand.

In at least one key technological area, auto design methods, the United States is superior to Japan, according to a detailed comparison published last August by Japan's Society of Science, Technology and Economics.

While Congress' Office of Technology Assessment does not discount the importance of Japan's lower wage rates in the auto makers' success, it said recently that another key element was the Japanese refusal "to quit the American market when their first offerings proved unappealing; they persisted and steadily improved their sales."

U.S. businessmen speak almost with awe of the speed with which Japanese companies master new technologies and make high-quality products.

"Every time they do something, they do it better [than the last time]," said former Boeing vice president William Beeby, who worked on development of the Boeing 767, parts of which are manufactured in Japan. "The quality coming back [from Japan] is better. We saw that."

"The Japanese have been organized to tap the pool of science in this country," said Dan Burg of Carnegie-Mellon university. "They send teams here, and it's done in an organized fashion. They'll send post-doctoral students to spend time at our locations, but it's rare for U.S. students to go to a Japanese university."

Whether the United States should, or could, respond to the Japanese challenge by adopting some of Japan's methods is an open question among politicians, industrialists and economic experts.

The Office of Technology Assessment has described the fragmented U.S. industrial policy as a "potential strength."

"Our pluralistic system, which is responsible for so much of the ad hoc character of

U.S. policies toward industry, creates an environment where flexible and innovative responses are sometimes possible," the OTA said.

Nevertheless, there is a growing sense in industry and academia that government needs to provide more consistent direction.

WASHINGTON HINDERS WITH STOP-AND-GO POLICIES

An example of Washington's stop-and-go tendencies are Reagan administration proposals to curtail energy research just as it has made progress after the 1973-74 oil-price scare.

"Science isn't run on a six-month basis," Brookings' Roy said. "You have to wait 10 years for results."

While the Japanese ministry has announced a seven-year, \$140 million research effort involving 10 private companies to develop "intelligent" robots capable of assembling dozens of different products, including an entire automobile, the U.S. government's main robotics research program, at Wright-Patterson Air Force Base in Dayton, is geared primarily to making defense contractors more efficient.

"U.S. industrial policy is a mess," a congressional aide said. "It doesn't add up. It's little bits and pieces. The political element is always dominant here. The kind of political system we have just isn't conducive to coherent policies."

There are, however, some signs of change. The Reagan administration has given other indications of its readiness to consider new approaches.

In a highly significant move, the Justice Department's Antitrust Division has allowed 10 competing U.S. computer companies to establish a joint research company, Microelectronics and Computer Technology Corp. No Japanese companies are members, and Japanese firms seeking access to MCC's technologies must deal with the consortium, not a single company.

Some have described this project as "America Inc."

In 1981, Congress passed the research and development tax credit, enabling companies to accelerate their depreciation on R&D equipment. It is credited with spurring a dramatic increase in the amount invested in new, "high-tech" ventures, from \$58 million in 1978 to \$1.7 billion in 1982. And California, under then-Gov. Edmund G. (Jerry) Brown Jr., established the first Commission on Industrial Innovation to recommend state policies that would help "high-tech" industries.

These steps have the advantage of not requiring a political confrontation with Japan. For, in the heat of the present, it is easy to forget that Japan is actually a great American success story.

It has reached its position of near technological parity through American aid, open market and technical prowess. Now, Japan is forcing the United States to take stock of its own economic performance and is becoming a teacher to its own postwar teacher.

But, as Undersecretary of Commerce Lionel H. Olmer has said, "Japan is not yet a technological giant."

The United States is still bigger and richer. Japan's labor productivity, the measure of the man-hours required to turn out products of a certain value and indirectly a measure of technological prowess, still lags behind that of the United States, although the difference is narrowing and Japan is an equal or ahead in some key industries such as automobiles.

The \$15 billion spent by Japan annually on civilian research and development is only half the amount spent by the United States. The Japanese government's annual spending for research on supercomputers is less than that of IBM.

Japan's vaunted system of national planning is not infallible. It has made serious miscalculations, such as promoting growth of an aluminum industry now on the brink of bankruptcy.

Some even think that Japan's success in international trade may be exposing its companies to forces that will weaken its society's traditional discipline and unity of purpose that has characterized Japanese industry.

"The rapid evolution of Japan's economy toward the creation of a 'knowledge intensive' society carries with it enormous potential opportunities," Olmer said, "... The technological race does not need to be a zero sum game. Both sides can win, and the results will be of enormous benefit to all."

(Staff writers Tracy Dahlby in Tokyo and Hobart Rowen in Washington conducted interviews for this series. Staff researcher Carin Pratt contributed to the report.)

PROGRAM

Mr. BAKER. Mr. President, on Monday next, the Senate will convene at noon. After the recognition of the two leaders under the standing order, there will be a period for the transaction of routine morning business as previously ordered. At the expiration of the time provided for the transaction of routine morning business, the Senate will resume consideration of the budget resolution, which is Senate Concurrent Resolution 27. At that time, Mr. President, I assume that the Nunn amendment will be the pending question before the Senate, although at the time we left this measure this afternoon the Domenici substitute was pending.

I say that because it is my understanding that the two managers of the bill want to dispose of the Nunn amendment before they proceed with the debate and disposition of the Domenici substitute. In any event, no provision has yet been made for that.

I make these remarks only to forewarn Senators of the problem and configuration of events when we resume consideration of this measure on Monday.

Mr. BYRD. Mr. President, if the majority leader will yield, his statement is in accordance with my understanding. It would be my hope that we could proceed with the Nunn amendment.

Mr. BAKER. I thank the Senator.

Mr. President, under the order previously entered, any votes that are ordered on Monday will be stacked to occur on Tuesday at a time certain.

Mr. President, on Monday, depending on the progress we make in the disposition of amendments and depending on how many votes we have scheduled, the leadership on this side will make a further announcement about the schedule of the Senate next week. I do expect, however, that next week will be a busy week. We have to complete the budget resolution and then proceed with the immigration bill in sequence, which has already been ordered, and perhaps then go to the Ruckelshaus nomination, if there is time. That will indeed give us a full schedule.

ADJOURNMENT UNTIL MONDAY, MAY 9, 1983

Mr. BAKER. Mr. President, I have nothing further to ask the Senate to

consider today. I inquire of the minority leader if he has anything further.

Mr. BYRD. I thank the distinguished majority leader. There is nothing on this side of the aisle that I know about that needs to be done today.

Mr. BAKER. I thank the Senator.

In view of that, Mr. President, I move, in accordance with the order previously entered, that the Senate stand in adjournment until 12 noon on Monday next.

The motion was agreed to, and the Senate, at 3:06 p.m., adjourned until Monday, May 9, 1983, at 12 noon.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 6, 1983:

DEPARTMENT OF ENERGY

Theodore J. Garrish, of Virginia, to be General Counsel of the Department of Energy.

The above nomination was approved subject to the nominee's commitment to respond to requests to appear and testify before any duly constituted committee of the Senate.

U.S. POSTAL SERVICE

John Lathrop Ryan, of Indiana, to be a Governor of the U.S. Postal Service for the remainder of the term expiring December 8, 1989.

SMALL BUSINESS ADMINISTRATION

Mary F. Wieseman, of Maryland, to be Inspector General, Small Business Administration.

MERIT SYSTEMS PROTECTION BOARD

Maria Lucia Johnson, of Alaska, to be a member of the Merit Systems Protection Board for the term of 7 years expiring March 1, 1990.